



**MAS RURAL HOUSING AND  
MORTGAGE FINANCE LIMITED**

## **9<sup>TH</sup> Annual Report**

**2015-16**

**REGISTERED OFFICE**  
4<sup>TH</sup>FLOOR, NARAYAN CHAMBERS,  
B/H.PATANG HOTEL, ASHRAM ROAD,  
AHMEDABAD – 380009.

# **MA\$ RURAL HOUSING & MORTGAGE FINANCE LIMITED**

## **DIRECTORS' REPORT**

**Corporate Identification No.** : U74900GJ2007PLC051383

**Registered Office:** 4<sup>th</sup> Floor, Narayan Chambers  
B/h. Patang Hotel, Ashram Road,  
Ahmedabad - 380 009  
Gujarat.

### **BOARD OF DIRECTORS**

|                       |   |                              |
|-----------------------|---|------------------------------|
| Mr. Kamlesh Gandhi    | - | Chairman & Managing Director |
| Mr. Mukesh Gandhi     | - | Whole-Time Director          |
| Mr. Bala Bhaskaran    | - | Independent Director         |
| Mr. Jagdish Joshipura | - | Independent Director         |
| Mr. Chetan Shah       | - | Independent Director         |
| Mr. Subir Nag         | - | Independent Director         |

### **Chief Financial Officer**

Mr. Mukesh Gandhi

### **Company Secretary**

Ms. Vrunda Patel

### **Auditors**

Rajpara Associates  
Chartered Accounts  
202/B, Shivalik-10, Opp. SBI Zonal Office,  
Nr. Snehkunj, S.M. Road, Ambawadi,  
Ahmedabad-380 006



## **DIRECTORS' REPORT**

To,  
The Members,  
**MASS Rural Housing & Mortgage Finance Limited**  
Ahmedabad.

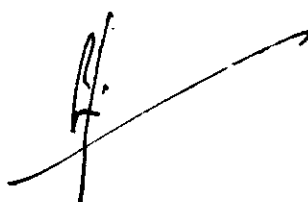
Your Directors have pleasure to present the Ninth Annual Report of your Company together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2016.

The Company's financial performance for the year under review alongwith previous years figures are given hereunder:

### **SUMMARISED FINANCIAL HIGHLIGHTS:**

(Amount in Rs.)

| Particulars  | March 31, 2016      | March 31, 2015      |
|--|---------------------|---------------------|
| Interest Income  | 14,40,81,072        | 10,87,29,707        |
| Income from Operations & Other Sources   | 1,32,36,487         | 95,62,856           |
| <b>Total Income</b>  | <b>15,73,17,559</b> | <b>11,82,92,563</b> |
| <b>Total Expenditure</b>   | <b>13,29,44,091</b> | <b>8,87,20,480</b>  |
| Profit before Depreciation and Taxes   | 2,43,73,468         | 2,95,72,083         |
| Depreciation and Amortization  | 22,24,528           | 95,641              |
| <b>Profit before Taxes</b>   | <b>2,21,48,940</b>  | <b>2,94,76,442</b>  |
| Provision for Taxation (including Deferred Tax)  | 73,27,433           | 95,67,241           |
| <b>Profit after Taxes</b>  | <b>1,48,21,507</b>  | <b>1,99,09,201</b>  |
| Profit brought forward from previous year  | 2,95,00,284         | 1,98,42,212         |
| <b>Profit available for Appropriation</b>  | <b>4,43,21,791</b>  | <b>3,97,15,340</b>  |
| <b>Appropriations</b>  |                     |                     |
| Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 | 45,70,000           | 62,80,000           |
| Proposed Dividend (including Interim dividend)   | 17,45,461           | 10,82,095           |
| Dividend Distribution Tax on Proposed Dividend   | 3,45,700            | 2,16,355            |
| Surplus Balance carried to B/S   | 3,76,60,630         | 2,95,00,284         |



## **BUSINESS PERFORMANCE:**

The portfolio at the end of the year 2015-16 was Rs.134.15crores, approx.. 43% increase as compared to the last year. The Company continues to pursue the path of sustainable development and is confident to gain momentum in the coming years, given the Company's efforts at the ground level, accompanied by the encouraging response and the activity of the developers in the affordable housing space. The company's initiative to fund the affordable housing projects is expected to yield desired results in building up the quality portfolio. Numbers of new housing finance companies have entered the arena; however the market size is too huge as the supply in the affordable housing space is increasing remarkably which creates an opportunity for various well managed Housing Finance Institutions to co-exist.

The government initiative of housing for all accompanied by providing subsidy is also the step in the right direction for the development of the sector.

The company is committed to deliver quality credit to this sector and is on the mission :

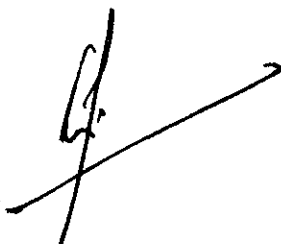
“To be a very significant provider of efficient financial services in the housing loan segment, thereby being the catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale.”

The Company continues to focus on creating quality assets, aware of the fact that, extending loans to the informal and the rural class of the society is in its nascent stage and hence it has its own set of challenges, which is being dealt very carefully and efficiently. As stated earlier, the Board has taken a conscious decision to build up the portfolio slowly during the initial years of operations and concentrate more on understanding the market we serve and setting the suitable credit evaluation process."Extending credit where it is due." remains the basic plank and putting the same into practice requires abundance of preserverance and patience. The key positive of the same is building up of quality assets.

## **RURAL INITIATIVE**

The rural initiative continues to remain one of the major focuses of the Company. It was felt necessary during the year to increase the rural reach to 1500 villages in the state of Gujarat to be focused upon. The target to reach 1500 villages is segregated in clusters of 150 villages for better execution. The number of specialized rural branches opened in the year stands at 80.

We firmly believe that once the business cycle is set, regular business may be expected from all the areas of operations. The company follows the business model of serving such villages through dedicated relationship officers who are responsible to offer them customized housing financing solution. Based on the experience of these villages necessary change in the business model will be implemented to explore the latent potential of the segment.



## **SYSTEMS AND OPERATIONS**

The current year also sharpened our learning curve to a considerable extent. The feedback from the customers, relationship officers and the vigilant analysis of the credit team enabled us to frame a well-articulated credit screens which we very firmly believe will be a major lever to serve the targeted segment effectively. The effectiveness of the credit screen is reflected in the quality of the portfolio, where outstanding in post 90 DPD category is meagre 0.17%. The company is now focusing to improve its turnaround time for disbursing the loans without compromising with the quality of credit. Various efforts are undertaken such as training the relationship officers, the branch credit officers, and the credit team at the central processing unit.

Adequate care is taken for providing efficient post disbursement services to the customers.

Various educative programmes organized by NHB (National housing bank) gives us in depth insight of the housing finance activities, process, appraisal techniques and the focus of the government in this sector.

## **RESOURCES**

The Net Owned Fund of the company as on 31<sup>st</sup> March, 2016 is Rs. 23.71 crores. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the company. Company is quite optimistic to tie up their financial requirement for the year 2016-17.

## **NHB COMPLIANCES**

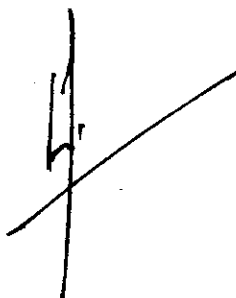
MRHMFL continues to comply with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'Know Your Customer'- (KYC), fair practices code and capital market exposures. The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on MRHMFL during the year.

## **HUMAN RESOURCE**

We understand the importance of this very important resource and are always eager to harness the latent potentiality of our young team. Continuous training and motivational programmes play an important role in their performance. The company throughout the year supported its team to excel.

## **STATUTORY AUDITORS**

M/s. Rajpara Associates, Chartered Accountants, Ahmedabad having their Firm Registration Number 113428W, being Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The members are requested to consider their re-appointment for the financial year 2016-17.

A handwritten signature in black ink, consisting of a vertical line with a horizontal crossbar and a diagonal stroke extending from the bottom right.

## **DIRECTORS**

We are happy to welcome Mr. Subir Nag to the board. Mr. Subir Nag is having more than 15 years of experience in Project Management, Investment Banking and Corporate Finance. Previously he was Director and Head-Mezzanine Fund at ICICI Venture Fund Management Limited.

Further in accordance with the requirement of Companies Act, 2013 and pursuant to the applicable provisions of Articles of Association, Mr. Mukesh Gandhi, Whole-Time Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

## **PUBLIC DEPOSITS**

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31<sup>st</sup> March, 2016.

## **DIVIDEND**

Your Directors recommend a final dividend at a fixed rate of 8% p.a to the preference shareholders for the financial year ended on 31<sup>st</sup> March, 2016. Pursuant to the approval of Board of Directors on 28<sup>th</sup> March, 2016, your Company had distributed Interim Dividend at a fixed rate of 8% p.a to the Preference Shareholders and interim dividend at the rate of 0.5% to the Equity Shareholders, whose names appeared on Register of Members of the Company.

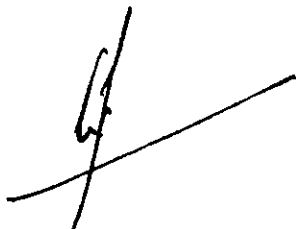
## **EXTRACT OF ANNUAL RETURN AS PER SECTION 92(3) OF COMPANIES, ACT, 2013**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies(Management and Administration) Rules, 2014 is furnished in Annexure A (Form MGT-9) and is attached to this report.

## **NO. OF BOARD MEETINGS**

The Company had 5 Board Meetings during the financial year under review.

| Sr No. | Date of Meeting | Total Number of Directors as on the date of Meeting | Number of Directors attended |
|--------|-----------------|---|------------------------------|
| 1      | 03.06.2015      | 5   | 5                            |
| 2      | 14.09.2015      | 5   | 5                            |
| 3      | 21.09.2015      | 5   | 5                            |
| 4      | 30.12.2015      | 5   | 4                            |
| 5      | 28.03.2016      | 6   | 6                            |



## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The directors have prepared the annual accounts on a going concern basis.
- (e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

## **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:**

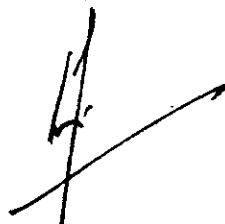
The Company has received declarations from Mr. Jagdish Joshipura, Mr. Chetan Shah, Mr. Bala Bhaskaran and Mr. Subir Nag, that they meet with the criteria of independence as prescribed under sub section (6) of section 149 of the Companies Act, 2013.

## **NOMINATION AND REMUNERATION COMMITTEE:**

The nomenclature of the Remuneration committee was changed to Nomination and Remuneration Committee on 20<sup>th</sup> February, 2015 pursuant to Section 178 of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, by way of resolution passed in accordance with the provisions of the Companies Act 2013. The Nomination & Remuneration Committee consists of three independent directors. The role and responsibilities, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013.

## **EXPLANATION OR COMMENTS BY BOARD ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke that curves upwards at the end.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company being a Housing Finance Company registered with National Housing Bank with the principal business, inter alia, of Housing Finance, the provisions of Section 186 except sub-section (1) are not applicable to it. However, there are no investments made during the year in any Company in accordance with the provisions of Section 186(1) of the Companies Act, 2013 and hence no particulars thereof as envisaged under Section 134(3)(g) are covered in this Report.

## **PARTICULARS CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188**

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 during the year is furnished in Annexure B (Form AOC-2) and is attached to the report.

## **INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY**

During the year under review, the authorized share capital of the Company has increased from Rs. 23,00,00,000/- (Rupees Twenty Three Crores Only) divided into 2,30,00,000 (Two Crore Thirty Lacs) equity shares of Rs. 10/- each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,30,00,000 (Two Crore Thirty Lacs) equity shares of Rs. 10/- each and 20,00,000 (Twenty Lacs) preference shares of Rs. 10/-each.

## **INCREASE IN PAID UP SHARE CAPITAL OF THE COMPANY**

During the year under review, the paid up share capital of the Company has increased from Rs. 18,03,49,200/- (Rupees Eighteen Crores Three Lacs Forty Nine Thousand Two Hundred Only) divided into 1,80,34,920 (One Crore Eighty Lacs Thirty Four Thousand Nine Hundred Twenty) equity shares of Rs. 10/- each. to Rs. 20,03,49,200/- (Rupees Twenty Crores Three Lacs Forty Nine Thousand Two Hundred Only) divided into 1,80,34,920 (One Crore Eighty Lacs Thirty Four Thousand Nine Hundred Twenty) equity shares of Rs. 10/- each and 20,00,000 (Twenty Lacs) 8% optionally convertible preference shares of Rs. 10/- each.

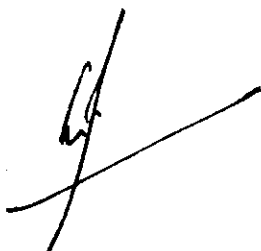
## **CHANGE IN NATURE OF BUSINESS**

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors' report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Since the Company is not engaged in any manufacturing activities, the particulars relating to Conservation of Energy and Technology Absorption are not applicable.

Also, the Company did not enter into any Foreign Exchange Transaction during the financial year, hence there is nothing to report on Foreign Exchange Earning and Outgo.





## **RISK MANAGEMENT**

Company's Risk Management framework provides the mechanism for risk-assessment and mitigation. The Company has a risk management policy approved by the Board for identifying, evaluating, monitoring and minimizing the identifiable risks in the organisation. The company also has ALCO committee and Audit Committee for overseeing the risk management measures.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture and Associate Company.

## **DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL (KMP) WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

| Sr. No. | Name of the KMP or Director | Designation         | Date of Appointment | Date of Resignation |
|---------|-----------------------------|---------------------|---------------------|---------------------|
| 1       | Ms. Vrunda Patel            | Company Secretary   | 03/06/2015          | -                   |
| 2       | Mr. Subir Nag               | Additional Director | 30/12/2015          | -                   |

## **DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The Board of Directors at its meeting held on 20<sup>th</sup> February, 2015 re-constituted the Audit Committee consisting of the following members:

- a) Mr. Mukesh Gandhi (Whole-Time Director & CFO)
- b) Mr. Bala Bhaskaran (Independent Director)
- c) Mr. Jagdish Joshipura (Independent Director)
- d) Mr. Chetan Shah (Independent Director)
- e) Mrs. Darshana Pandya (Chief Operating Officer)

The Scope of Audit Committee is enhanced in accordance with the Companies Act, 2013.

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

## **PARTICULARS OF EMPLOYEES**

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



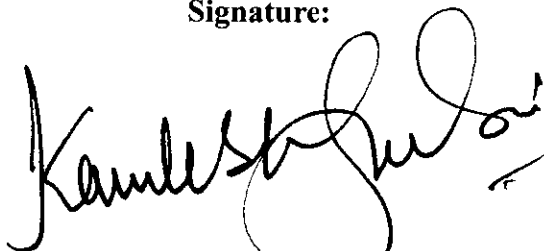
## **ACKNOWLEDGEMENTS**

Your Directors sincerely express their deep appreciation to employees at all levels, bankers, customers and shareholders for their sustained support and co-operation and hope that the same will continue in future.

**Date: 20.04.2016**

**Place: Ahmedabad**

**Signature:**

A handwritten signature in black ink, appearing to read 'Kamlesh C. Gandhi', with a large, stylized circular flourish at the end.

**Kamlesh C. Gandhi**  
**(Chairman & Managing Director)**

**ANNEXURE A TO DIRECTORS' REPORT**

**MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**

**FORM NO. MGT -9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31<sup>st</sup> March, 2016**

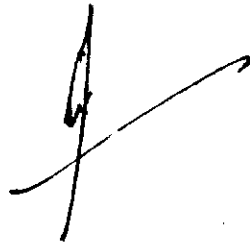
**[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.]**

**I. REGISTRATION AND OTHER DETAILS:**

|   |  |   |
|---|--|---|
| 1 | CIN  | U74900GJ2007PLC051383   |
| 2 | Registration Date  | 24/07/2007  |
| 3 | Name of the Company  | MAS Rural Housing & Mortgage Finance Limited  |
| 4 | Category/Sub-category of the Company                                       | Company limited by shares   |
| 5 | Address of the Registered office & contact details                         | 4 <sup>th</sup> Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.<br>Ph No. - 079-30016500 |
| 6 | Whether listed company   | No  |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | N.A.  |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Activities of Housing Finance                    | 65922                           | 100.00%                            |



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

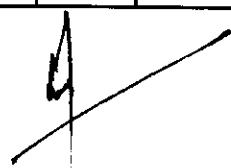
| Sr. No. | Name and Address of the Company  | CIN/GLN                | Holding/Subsidiary/Associate | % of shares held | Applicable Section                    |
|---------|--|------------------------|------------------------------|------------------|---------------------------------------|
| 1       | MAS Financial Services Limited<br><br>6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. | U65910GJ1995 PLC026064 | Holding                      | 59.61            | Section 2(46) of Companies Act, 2013. |

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-Wise Shareholding

[illegible]


|  |     |             |             |     |     |             |             |     |     |
|--|-----|-------------|-------------|-----|-----|-------------|-------------|-----|-----|
| e) Any other   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
|  |     |             |             |     |     |             |             |     |     |
| <b>SUB TOTAL: (A)<br/>(2)</b>  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
|  |     |             |             |     |     |             |             |     |     |
| <b>TOTAL<br/>SHAREHOLDING<br/>OF PROMOTER<br/>(A)= (A)(1)+(A)(2)</b> | Nil | 1,80,34,620 | 1,80,34,620 | 100 | Nil | 1,80,34,620 | 1,80,34,620 | 100 | Nil |
|  |     |             |             |     |     |             |             |     |     |
| <b>B. PUBLIC<br/>SHAREHOLDING</b>                                    |     |             |             |     |     |             |             |     |     |
|  |     |             |             |     |     |             |             |     |     |
| <b>(1) Institutions</b>  |     |             |             |     |     |             |             |     |     |
| a) Mutual Funds  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| b) Banks/FI  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| c) Cenntal govt  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| d) State Govt.   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| e) Venture Capital<br>Fund   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| f) Insurance<br>Companies  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| g) FIIS  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| h) Foreign Venture<br>Capital Funds                                  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| i) Others (specify)  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
|  |     |             |             |     |     |             |             |     |     |
| <b>SUB TOTAL (B)<br/>(1):</b>  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
|  |     |             |             |     |     |             |             |     |     |
| <b>(2) Non<br/>Institutions</b>                                      |     |             |             |     |     |             |             |     |     |
| a) Bodies corporates   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| i) Indian  | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| ii) Overseas   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |



|   |     |             |             |     |     |             |             |     |     |
|---|-----|-------------|-------------|-----|-----|-------------|-------------|-----|-----|
| b) Individuals  | Nil | 300         | 300         | 0   | Nil | 300         | 300         | 0   | Nil |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs            | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
| c) Others (specify)   | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil | Nil |
|   |     |             |             |     |     |             |             |     |     |
| <b>SUB TOTAL (B) (2):</b>   | Nil | 300         | 300         | Nil | Nil | 300         | 300         | Nil | Nil |
|   |     |             |             |     |     |             |             |     |     |
| <b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>                                 | Nil | 300         | 300         | Nil | Nil | 300         | 300         | Nil | Nil |
|   |     |             |             |     |     |             |             |     |     |
| <b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>                              | Nil | Nil         | Nil         | Nil | Nil | Nil         | Nil         | Nil |     |
|   |     |             |             |     |     |             |             |     |     |
| <b>GRAND TOTAL (A+B+C)</b>  | Nil | 1,80,34,920 | 1,80,34,920 | 100 | Nil | 1,80,34,920 | 1,80,34,920 | 100 | Nil |

**ii) Share Holding of Promoters**

| Sl No. | Shareholders Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--------|-------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |                   | No. of shares                             | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares                       | % of total shares of the Company | % of shares pledged encumbered to total shares |   |
|        |                   |   |                                  |  |                                     |                                  |  |   |



|   |                                |             |       |     |             |       |     |     |
|---|--------------------------------|-------------|-------|-----|-------------|-------|-----|-----|
| 1 | Mukesh C. Gandhi               | 30,37,310   | 16.84 | Nil | 30,37,310   | 16.84 | Nil | Nil |
| 2 | Kamlesh C. Gandhi              | 20,60,980   | 11.43 | Nil | 20,60,980   | 11.43 | Nil | Nil |
| 3 | Shweta Kamlesh Gandhi          | 18,21,330   | 10.09 | Nil | 18,21,330   | 10.09 | Nil | Nil |
| 4 | Mukesh C. Gandhi (HUF)         | 3,65,000    | 2.02  | Nil | 3,65,000    | 2.02  | Nil | Nil |
| 5 | Mas Financial Services Limited | 1,07,50,000 | 59.61 | Nil | 1,07,50,000 | 59.61 | Nil | Nil |

**iii) Change In Promoters' Shareholding ( Specify, if there is no change)**

| Sl. No. |   | Share holding at the beginning of the Year |                                  | Cumulative Share holding during the year |                                  |
|---------|---|--|----------------------------------|--|----------------------------------|
|         |   | No. of Shares                              | % of total shares of the company | No of shares                             | % of total shares of the company |
|         | As at 01/04/2015  | 1,80,34,620                                | 99.99                            | —  | —                                |
|         | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/swe at equity etc): | —  | —                                | —  | —                                |
|         | As at 31/03/2016  | 1,80,34,620                                | 99.99                            | 1,80,34,620                              | 99.99                            |

**Note: There is no change in Promoter's Shareholding during the year.**

**iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS)**

| Sl. No |   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|---|----------------------------------|---|----------------------------------|
|        |   | No.of shares                              | % of total shares of the company | No.of shares                            | % of total shares of the company |
|        | <b>For Each of the Top 10 Shareholders</b>              |   |                                  |   |                                  |
| 1.     | Saumil Pandya   |   |                                  |   |                                  |
|        | As at 01/04/2015  | 100                                       | 0.003                            | —                                       | —                                |
|        | Date wise increase/decrease in Share holding during the | —   | —                                | —                                       | —                                |

|    |  |     |       |     |       |
|----|--|-----|-------|-----|-------|
|    | year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)   |     |       |     |       |
|    | As at 31/03/2016   | 100 | 0.003 | 100 | 0.003 |
| 2. | Darshana Pandya  |     |       |     |       |
|    | As at 01/04/2015   | 100 | 0.003 | —   | —     |
|    | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | —   | —     | —   | —     |
|    | As at 31/03/2016   | 100 | 0.003 | 100 | 0.003 |

**v) Shareholding of Directors & KMP**

| Sl. No |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|---|----------------------------------|---|----------------------------------|
|        |  | No.of shares                              | % of total shares of the Company | No.of shares                            | % of total shares of the Company |
|        | <b>For Each of the Directors &amp; KMP</b>   |   |                                  |   |                                  |
| 1      | Kamlesh Gandhi- Chairman & Managing Director   |   |                                  |   |                                  |
|        | As at 01/04/2015   | 20,60,980                                 | 11.43                            | —                                       | —                                |
|        | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | —   | —                                | —                                       | —                                |
|        | As at 31/03/2016   | 20,60,980                                 | 11.43                            | 20,60,980                               | 11.43                            |
| 2      | Mukesh Gandhi- Whole-Time Director & CFO   |   |                                  |   |                                  |
|        | As at 01/04/2015   | 30,37,310                                 | 16.84                            | —                                       | —                                |
|        | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | —   | —                                | —                                       | —                                |
|        | As at 31/03/2016   | 30,37,310                                 | 16.84                            | 30,37,310                               | 16.84                            |
| 3      | Balabhaskaran- Director  |   |                                  |   |                                  |
|        | As at 01/04/2015   | 100                                       | 0.003                            | —                                       | —                                |
|        | Date wise increase/decrease  | —   | —                                | —                                       | —                                |



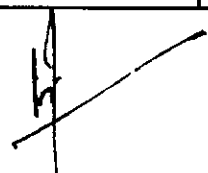


|   |   |     |       |     |       |
|---|---|-----|-------|-----|-------|
|   | in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/swe at equity etc)                             |     |       |     |       |
|   | As at 31/03/2016  | 100 | 0.003 | 100 | 0.003 |
| 4 | Jagdish Joshipuara-Director   | —   | —     | —   | —     |
|   | As at 01/04/2015  | —   | —     | —   | —     |
|   | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/swe at equity etc) | —   | —     | —   | —     |
|   | As at 31/03/2016  | —   | —     | —   | —     |
| 5 | Chetan Shah- Director   | —   | —     | —   | —     |
|   | As at 01/04/2015  | —   | —     | —   | —     |
|   | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/swe at equity etc) | —   | —     | —   | —     |
|   | As at 31/03/2016  | —   | —     | —   | —     |
| 6 | Vrunda Patel- Company Secretary   | —   | —     | —   | —     |
|   | As at 01/04/2015  | —   | —     | —   | —     |
|   | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/swe at equity etc) | —   | —     | —   | —     |
|   | As at 31/03/2016  | —   | —     | —   | —     |

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (In Rs.)**

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits    | Total Indebtedness |
|--|----------------------------------|-----------------|-------------|--------------------|
| <b>Indebtness at the beginning of the financial year</b> | 709,276,180                      | Nil             | Nil         | 709,276,180        |
| i) Principal Amount                                      | 1,14,39,84,044                   | Nil             | 1,64,36,815 | 1,16,04,20,859     |



|                                   |                       |            |                    |                       |
|-----------------------------------|-----------------------|------------|--------------------|-----------------------|
| ii) Interest due but not paid     | Nil                   | Nil        | Nil                | Nil                   |
| iii) Interest accrued but not due | 1,69,000              | Nil        | 11,401             | 1,80,401              |
| <b>Total (i+ii+iii)</b>           | <b>1,14,41,53,044</b> | <b>Nil</b> | <b>1,64,48,216</b> | <b>1,16,06,01,260</b> |

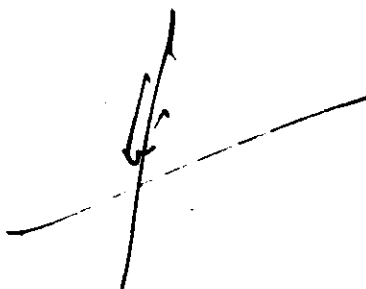
**Note:** All the deposits are security deposits received from customers for loan.

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. Remuneration to Managing Director, Whole time director and/or Manager: (In Rs.)**

| Sl No. | Particulars of Remuneration   | Name of the MD/WTD/Manager      |                                 | Total Amount                    |
|--------|---|---------------------------------|---------------------------------|---------------------------------|
|        |   | Kamlesh Gandhi<br>MD            | Mukesh Gandhi<br>WTD            |                                 |
| 1      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.<br><br>(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961<br><br>(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 19,41,600<br><br>Nil<br><br>Nil | 19,41,600<br><br>Nil<br><br>Nil | 38,83,200<br><br>Nil<br><br>Nil |
| 2      | Stock option  | Nil                             | Nil                             | Nil                             |
| 3      | Sweat Equity  | Nil                             | Nil                             | Nil                             |
| 4      | Commission<br>- as % of profit<br>- others (specify)  | Nil<br>Nil                      | Nil<br>Nil                      | Nil<br>Nil                      |
| 5      | Others, please specify (Electricity Charges Reimbursement)  | Nil                             | Nil                             | Nil                             |
|        | <b>Total A</b>  | <b>19,41,600</b>                | <b>19,41,600</b>                | <b>38,83,200</b>                |
|        | <b>*Ceiling as per the Act</b>  |                                 |                                 | <b>60,00,000</b>                |

**\*Note:** Remuneration of directors exceeds the limits mentioned in section 197 of the Companies Act, 2013. however, it is within the limits specified in Part II of Schedule V to Companies Act, 2013.



**B. Remuneration to other directors:(In Rs.)**

| Sl.No.   | Particulars of Remuneration                    | Name of the Directors |                          |                    |                  | Total Amount |
|----------|--|-----------------------|--------------------------|--------------------|------------------|--------------|
| <b>1</b> | <b>Independent Directors</b>                   | <b>Balabhaskaran</b>  | <b>Jagdish Joshipura</b> | <b>Chetan Shah</b> | <b>Subir Nag</b> |              |
|          | (a) Fee for attending board committee meetings | 95000                 | 75000                    | 60000              | 10000            | 240000       |
|          | (b) Commission                                 | Nil                   | Nil                      | Nil                |                  | Nil          |
|          | (c ) Others, please specify.                   | Nil                   | Nil                      | Nil                |                  | Nil          |
|          | <b>Total (1)</b>                               | 95000                 | 75000                    | 60000              | 10000            | 240000       |
| <b>2</b> | <b>Other Non Executive Directors</b>           |                       |                          |                    |                  |              |
|          | (a) Fee for attending board committee meetings | Nil                   | Nil                      | Nil                | Nil              | Nil          |
|          | (b) Commission                                 | Nil                   | Nil                      | Nil                | Nil              | Nil          |
|          | (c ) Others, please specify.                   | Nil                   | Nil                      | Nil                | Nil              | Nil          |
|          | <b>Total (2)</b>                               | Nil                   | Nil                      | Nil                | Nil              | Nil          |
|          | <b>Total (B)=(1+2)</b>                         | 95000                 | 75000                    | 60000              | 10000            | 240000       |
|          | <b>Total Managerial Remuneration</b>           | N.A                   | N.A                      | N.A                | N.A              | N.A          |
|          | <b>*Overall Cieling as per the Act.</b>        | N.A                   | N.A                      | N.A                | N.A              | N.A          |

\* **Note:** As there is no managerial remuneration paid to the Non-Executive Directors/Independent Directors other than sitting fees to the Independent Directors and hence, the Ceiling limit shall not be applicable in our Company.

**C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD (In Rs.)**

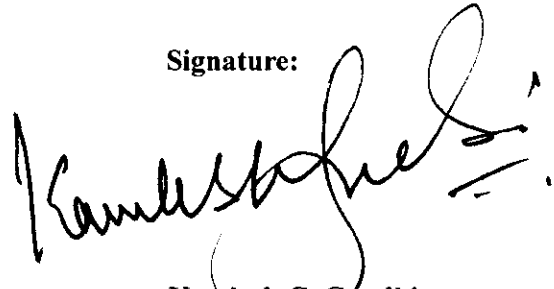
| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel | Total    |
|---------|--|--------------------------|----------|
|         |  | <b>Company Secretary</b> |          |
| 1       | <b>Gross Salary</b><br>(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961<br>(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961<br>(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 1,63,143                 | 1,63,143 |
| 2       | Stock Option   | Nil                      | Nil      |
| 3       | Sweat Equity   | Nil                      | Nil      |
| 4       | Commission<br>- as % of profit   | Nil                      | Nil      |

|   |                        |                 |                 |
|---|------------------------|-----------------|-----------------|
|   | - others (specify)     | Nil             | Nil             |
| 5 | Others, please specify | Nil             | Nil             |
|   | <b>Total</b>           | <b>1,63,143</b> | <b>1,63,143</b> |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE**

**Date: 20.04.2016**  
**Place: Ahmedabad**

**Signature:**



**Kamlesh C. Gandhi**  
**(Chairman & Managing Director)**

**ANNEXURE B TO DIRECTORS' REPORT**

**MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

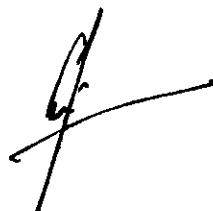
1. Details of Contracts or Arrangements or Transactions at Arms length basis for the year ended 31<sup>st</sup> March, 2016.

| Sl No. | Particulars   | Details  |
|--------|---|--|
| a      | Name(s) of the related party & nature of relationship                                     | MAS Financial Services Limited   |
| b      | Nature of contracts/arrangements/transaction  | Availing of Services   |
| c      | Duration of the contracts/arrangements/transaction  | One Year   |
| d      | Salient terms of the contracts or arrangements or transaction including the value, if any | MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly. |
| e      | Justification for entering into such contracts or arrangements or transactions.           | MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.                            |



|   |   |                                      |
|---|---|--------------------------------------|
| f | Date of approval by the Board   | 03/06/2015                           |
| g | Amount paid as advances, if any   | No such amount was paid as advances. |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | N.A                                  |

| Sl No. | Particulars   | Details   |
|--------|---|---|
| a      | Name(s) of the related party & nature of relationship   | MAS Financial Services Limited  |
| b      | Nature of contracts/arrangements/transaction  | Availing of Services  |
| c      | Duration of the contracts/arrangements/transaction  | Two Years   |
| d      | Salient terms of the contracts or arrangements or transaction including the value, if any                         | MRHMFL appoints MFSL as recovery agent to collect outstanding instalments and other dues from its customers and MFSL in consideration accepts appointment and agrees to provide the said service under the terms and conditions as set forth.         |
| e      | Justification for entering into such contracts or arrangements or transactions.                                   | MRHMFL is in requirement of services for recovery of dues from customers at its various branches and MFSL has network executives at its various branches. So, to avail its services, MRHMFL has requested MFSL to provide services of recovery agent. |
| f      | Date of approval by the Board   | 11/03/2015  |
| g      | Amount paid as advances, if any   | No such amount was paid as advances.  |
| h      | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | N.A.  |

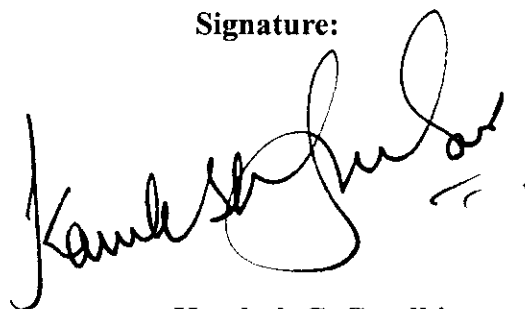


2. Details of Contracts or Arrangements or Transactions not at Arms length basis.

| Sl No. | Particulars   | Details |
|--------|---|---------|
| a      | Name(s) of the related party & nature of relationship   | N.A.    |
| b      | Nature of contracts/arrangements/transaction  | N.A.    |
| c      | Duration of the contracts/arrangements/transaction  | N.A.    |
| d      | Salient terms of the contracts or arrangements or transaction including the value, if any                         | N.A.    |
| e      | Justification for entering into such contracts or arrangements or transactions.                                   | N.A.    |
| f      | Date of approval by the Board   | N.A.    |
| g      | Amount paid as advances, if any   | N.A.    |
| h      | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | N.A.    |

**Date: 20.04.2016**  
**Place: Ahmedabad**

**Signature:**



**Kamlesh C. Gandhi**  
**(Chairman & Managing Director)**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of**

**MAS Rural Housing and Mortgage Finance Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **MAS Rural Housing and Mortgage Finance Limited** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

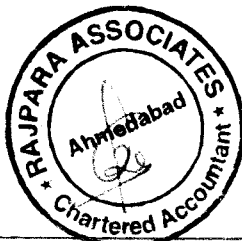
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of





the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

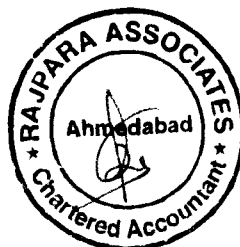
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its Cash Flow for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



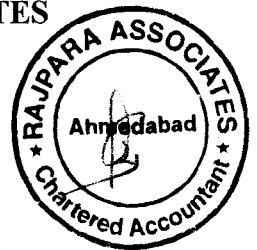
- e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Ahmedabad  
Date: April 20, 2016

**For RAJPARA ASSOCIATES**  
**Chartered Accountants**  
**FRN 113428W**

*Rajpara*

**Chandramaulin J. Rajpara**  
**Partner**  
**M. No. 046922**

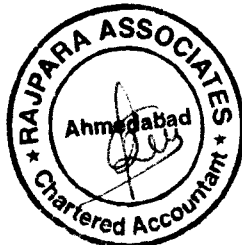


## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

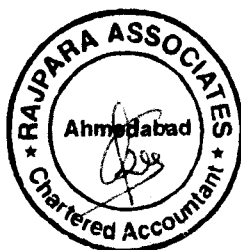
(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

**(i) In respect of its fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - (c) No immovable property is held by the company and accordingly, the provisions of clause 3 (i) (c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) The company being a Non-Banking Financial Company has no inventory. Accordingly, the provisions of clauses 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.
- (vi) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) According to information and explanations given to us, in respect of statutory dues:



- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it as on balance sheet.
- (b) According to the records of the company, there are no disputed statutory dues for income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or Government. The Company has not issued any debentures.
- (ix) In our opinion and according to information and explanations given to us, term loans have been applied for the purposes for which they were obtained. Company has not raised moneys by way of initial public offer or further public offer.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment of preference shares during the year under review and the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

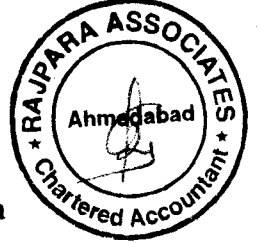


(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For RAJPARA ASSOCIATES**  
**Chartered Accountants**  
**FRN/113428W**

*Rajpara*

**Chandramaulin J. Rajpara**  
**Partner**  
**M. No. 046922**



Place: Ahmedabad  
Date: April 20, 2016

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in clause (f) of paragraph 2 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **MAS Rural Housing and Mortgage Finance Limited** as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

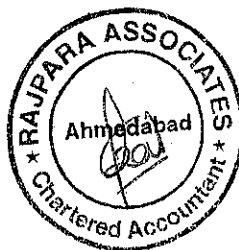
#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including



the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

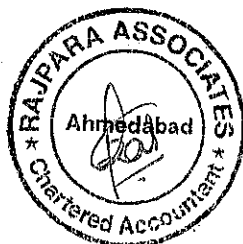
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

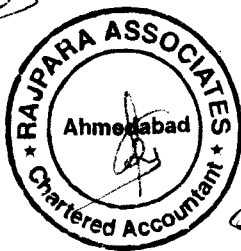
**BALANCE SHEET AS AT 31ST MARCH 2016**

|   | Notes | As at 31st<br>March 2016<br>Rupees | As at 31st<br>March 2015<br>Rupees |
|---|-------|------------------------------------|------------------------------------|
| <b>EQUITY AND LIABILITIES</b>   |       |                                    |                                    |
| <b>Shareholders' funds</b>  |       |                                    |                                    |
| Share Capital   | 3     | 200,349,200                        | 180,349,200                        |
| Reserves and Surplus  | 4     | 60,090,295                         | 47,359,949                         |
|   |       | <b>260,439,495</b>                 | <b>227,709,149</b>                 |
| <b>Non-current liabilities</b>  |       |                                    |                                    |
| Deferred Tax Liability  | 5     | 4,232,496                          | 2,965,063                          |
| Long Term Borrowings  | 6     | 908,265,642                        | 509,414,908                        |
| Long Term Provisions  | 7     | 7,616,568                          | 4,625,958                          |
| Other Long Term liabilities   | 8     | 15,883,577                         | -                                  |
|   |       | <b>935,998,283</b>                 | <b>517,005,929</b>                 |
| <b>Current liabilities</b>  |       |                                    |                                    |
| Short-term borrowings   | 9     | 7,780                              | 19,949,234                         |
| Trade payables  |       | 703,420                            | 517,810                            |
| Other current liabilities   | 10    | 238,408,417                        | 181,325,748                        |
| Short-term provisions   | 11    | 1,437,484                          | 2,285,083                          |
|   |       | <b>240,557,101</b>                 | <b>204,077,875</b>                 |
| <b>TOTAL</b>  |       | <b>1,436,994,879</b>               | <b>948,792,953</b>                 |
| <b>ASSETS</b>   |       |                                    |                                    |
| <b>Non-current assets</b>   |       |                                    |                                    |
| Fixed assets  | 12    |                                    |                                    |
| Tangible assets   |       | 17,985,742                         | 611,006                            |
| Intangible assets   |       | -                                  | -                                  |
|   |       | <b>17,985,742</b>                  | <b>611,006</b>                     |
| Long-term loans and advances  | 13    | 1,060,530,183                      | 744,071,648                        |
|   |       | <b>1,060,530,183</b>               | <b>744,071,648</b>                 |
| <b>Current assets</b>   |       |                                    |                                    |
| Cash and Bank Balances  | 14    | 63,223,693                         | 3,438,596                          |
| Short-term loans and advances   | 13    | 286,183,373                        | 193,985,882                        |
| Other current assets  | 15    | 9,071,887                          | 6,685,821                          |
|   |       | <b>358,478,954</b>                 | <b>204,110,299</b>                 |
| <b>TOTAL</b>  |       | <b>1,436,994,879</b>               | <b>948,792,953</b>                 |
| See accompanying notes forming part of the condensed financial statements |       |                                    |                                    |

In terms of our report attached

For Rajpara Associates  
Chartered Accountants  
Firm's Registration Number 113428W

Chandramaulin Rajpara  
Partner  
Membership No.046922



Vrunda Patel  
(Company Secretary)

For and on behalf of the Board of Directors

*Kamlesh C. Gandhi*

Kamlesh C. Gandhi  
(Chairman & Managing Director)

*Mukesh C. Gandhi*

Mukesh C. Gandhi  
(Whole Time Director &  
Chief Financial Officer)

Place : Ahmedabad  
Date : 20 APR 2016

Place : Ahmedabad  
Date : 20 APR 2016



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

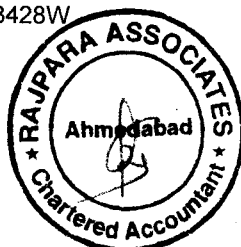
|   | Notes | Year Ended 31st<br>March 2016<br>Rupees | Year Ended 31st<br>March 2015<br>Rupees |
|---|-------|---|---|
| <b>INCOME</b>   |       |   |   |
| Revenue from Operations   | 16    | 156,704,509                             | 117,560,016                             |
| Other Income  | 17    | 613,050                                 | 732,547                                 |
| <b>Total Revenue</b>  |       | <b>157,317,559</b>                      | <b>118,292,563</b>                      |
| <b>EXPENDITURE</b>  |       |   |   |
| Employee Benefits Expense   | 18    | 29,799,544                              | 17,244,609                              |
| Finance Costs   | 19    | 83,055,821                              | 62,810,536                              |
| Depreciation and Amortisation Expenses                                    | 20    | 2,224,528                               | 95,641                                  |
| Provisions  | 21    | 2,990,610                               | 1,468,207                               |
| Other Expenses  | 22    | 17,098,115                              | 7,197,128                               |
| <b>Total Expenses</b>   |       | <b>135,168,619</b>                      | <b>88,816,121</b>                       |
| <b>Profit Before Tax</b>  |       | <b>22,148,940</b>                       | <b>29,476,442</b>                       |
| <b>Tax Expense:</b>   |       |   |   |
| Current Tax   |       | 6,060,000                               | 8,140,000                               |
| Deferred Tax  |       | 1,267,433                               | 1,427,241                               |
| <b>Profit for the year</b>  |       | <b>14,821,507</b>                       | <b>19,909,201</b>                       |
| Earnings per equity share (of face value Rs. 10 each):                    | 23    |   |   |
| Basic   |       | 0.82                                    | 1.18                                    |
| Diluted   |       | 0.82                                    | 1.18                                    |
| See accompanying notes forming part of the condensed financial statements |       |   |   |

In terms of our report attached

For and on behalf of the Board of Directors

For Rajpara Associates  
Chartered Accountants  
Firm's Registration Number: 113428W

Chandramaulin Rajpara  
Partner  
Membership No. 046922



*VR da*

Vrunda Patel  
(Company Secretary)

*Kamlesh C. Gandhi*

Kamlesh C. Gandhi  
(Chairman & Managing Director)

*M. C. Gandhi*

Mukesh C. Gandhi  
(Whole Time Director & Chief Financial Officer)

Place : Ahmedabad

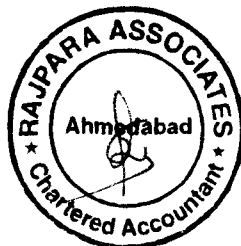
Date : 20 APR 2016

Place : Ahmedabad

Date : 20 APR 2016

**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

|   | Year Ended 31st March 2016 |               | Year Ended 31st March 2015 |               |
|---|----------------------------|---------------|----------------------------|---------------|
|   | Rupees                     |               | Rupees                     |               |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                         |                            |               |                            |               |
| Net Profit Before Tax   |                            | 22,148,940    |                            | 29,476,442    |
| Adjustments for :   |                            |               |                            |               |
| Depreciation & Amortisation   | 2,224,528                  |               | 95,641                     |               |
| Finance Costs   | 83,055,821                 |               | 62,810,536                 |               |
| Contingent Provision against Standard Assets                          | 2,636,386                  |               | 1,468,207                  |               |
| Provision against Non-Performing Assets                               | 354,224                    |               | -                          |               |
| Interest Income from Bank Deposits                                    | (613,050)                  |               | (713,505)                  |               |
| Dividend Income   | -                          | 87,657,909    | -                          | 63,660,879    |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                |                            | 109,806,849   |                            | 93,137,321    |
| Changes in Working Capital:   |                            |               |                            |               |
| (Increase) / Decrease in Loans & Advances                             | (408,656,027)              |               | (287,879,548)              |               |
| (Increase) / Decrease in Other Assets                                 | (835,276)                  |               | (2,722,082)                |               |
| Increase / (Decrease) in Trade Payables                               | 185,610                    |               | 292,275                    |               |
| Increase / (Decrease) in Short-term Provisions                        | (30,368)                   |               | 201,448                    |               |
| Increase / (Decrease) in Other Current Liabilities                    | 686,327                    | (408,649,733) | 803,429                    | (289,304,478) |
| <b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>                     |                            | (298,842,884) |                            | (196,167,157) |
| Finance Costs   | (83,055,821)               |               | (62,810,536)               |               |
| Income Tax Paid   | (7,610,790)                | (90,666,612)  | (8,566,300)                | (71,376,836)  |
| <b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A]</b>        |                            | (389,509,495) |                            | (267,543,993) |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                         |                            |               |                            |               |
| Capital expenditure on fixed assets                                   | (19,599,264)               |               | (456,162)                  |               |
| Interest Income from Bank Deposits                                    | 613,050                    |               | 713,505                    |               |
| Dividend Income   | -                          |               | -                          |               |
| <b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B]</b>        |                            | (18,986,214)  |                            | 257,343       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                            |               |                            |               |
| Dividends paid including Dividend Distribution Tax                    | (2,908,392)                |               | (860,791)                  |               |
| Proceeds from Issue of Equity Shares                                  | -                          |               | 20,000,000                 |               |
| Proceeds from Issue of Preference Shares                              | 20,000,000                 |               | -                          |               |
| Net Increase in Working Capital Borrowings                            | (19,941,454)               |               | 19,949,234                 |               |
| Increase/(Decrease) in Security Deposits                              | 15,883,577                 |               | -                          |               |
| Increase/(Decrease) in Long Term Borrowings                           | 455,247,076                |               | 224,578,022                |               |
| <b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C]</b>        |                            | 468,280,807   |                            | 263,666,465   |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> |                            | 59,785,097    |                            | (3,620,185)   |
| Cash and Cash Equivalents at the beginning of the year                |                            | 3,438,596     |                            | 7,058,780     |
| Cash and Cash Equivalents at the end of the year                      |                            | 63,223,693    |                            | 3,438,596     |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

| Year Ended<br>31st March<br>2016<br>Rupees | Year Ended<br>31st March<br>2015<br>Rupees |
|--|--|
| 335,141                                    | 1,546,000                                  |
| 62,888,552                                 | 1,892,596                                  |
| 63,223,693                                 | 3,438,596                                  |

**Notes:**

1 Cash and cash equivalents at the end of the year comprises:

- (a) Cash on Hand
- (b) Balances with banks  
In Current Accounts

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped / reclassified wherever necessary.

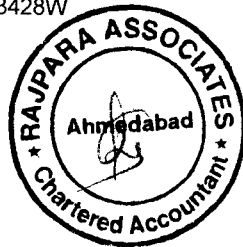
See accompanying notes forming part of the financial statements

In terms of our report attached

For Rajpara Associates  
Chartered Accountants  
Firm's Registration Number: 113428W

*Rajpara*

Chandramaulin Rajpara  
Partner  
Membership No.046922



For and on behalf of the Board of Directors

*Kamlesh C. Gandhi*

Kamlesh C. Gandhi  
(Chairman & Managing Director)

*Vrunda Patel*

Vrunda Patel  
(Company Secretary)

*Mukesh C. Gandhi*

Mukesh C. Gandhi  
(Whole Time Director &  
Chief Financial Officer)

Place: Ahmedabad  
Date: 20 APR 2016

Place: Ahmedabad  
Date: 20 APR 2016

## MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED

### Note-1 CORPORATE INFORMATION

MAS Rural Housing & Mortgage Finance Limited is a public company incorporated under the provisions of Companies Act, 1956. It is registered as a Non Deposit taking Housing Finance Company with the National Housing Bank. The Company provides housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas. The activities of the company are spread all over Gujarat, Maharashtra, Madhya Pradesh & Rajasthan.

### Note-2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

#### 1. SIGNIFICANT ACCOUNTING POLICIES :

##### A. BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, and guidelines issued by the National Housing Bank. The financial statements have been prepared on accrual basis under the historical cost convention. Further, the Company follows the prudential norms for income recognition and provisioning as prescribed by the National Housing Bank. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### B. USE OF ESTIMATES

The preparation of Financial Statements requires the management to make estimates and assumption in the reported amounts of assets and liabilities (including current liabilities) as of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statement as prudent and reasonable. Future result could differ from these estimates.

##### C. FIXED ASSETS

Fixed Assets are capitalized at cost inclusive of legal and / or installation expenses.

##### D. DEPRECIATION/ AMORTISATION

Depreciation on tangible fixed assets is provided as per Straight Line Method, over the useful life of the assets specified in Schedule II to the Companies Act, 2013.

Assets costing less than Rs.5000 are fully depreciated in the year of acquisition.

##### E. INFLATION

Assets and liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

##### F. INTEREST ON LOANS AND OTHER OPERATING INCOME

Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising Principal and Interest. Interest on loans is computed either on an annual rest or on a monthly rest basis. EMIs commence once the entire loan is disbursed. Pending commencements of EMIs, Pre EMI Interest is payable every month. Service Charges, Processing Fees, OBC Charges, Admin Fees and documentation charges are booked at the commencement of the loan agreement.

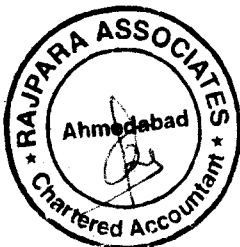
##### G. INCOME FROM INVESTMENTS

Income from investment is accounted on an accrual basis.

##### H. EMPLOYEE BENEFITS

###### Defined contribution plans

The Company's contribution to provident fund, and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.



## **Defined benefit plans**

For defined benefit plan in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

## **Short-term employee benefits**

The undiscounted amounts of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. The amount includes liability on account of accumulated leave balances of employees which is provided for on actual basis when employees render the services that increase their entitlement of future compensated absences.

### **I. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects dividend, interest and other charges relating to the dilutive potential equity shares.

### **J. TAXES ON INCOME**

The accounting treatment for the Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS – 22) notified by the Companies (Accounting Standards) Rules, 2006. The provision made for Income Tax in accounts comprises both, the current tax and deferred tax.

Deferred Tax is recognized for all timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

### **K. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **L. LEASES**

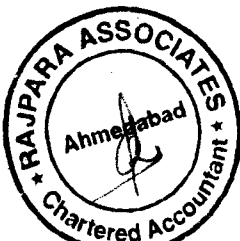
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### **M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation.

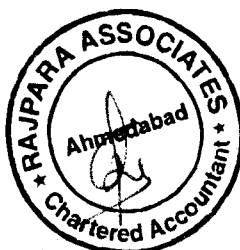
The Company collects processing fees from applicants of housing/mortgage finance. Those applications, as on Balance Sheet date, which may not have been approved and are subsequently rejected, are eligible for refund of such processing fees. The Company, as a policy, books the amount when received towards processing fees as income and treats the same as expenditure on refund of such processing fees. As per management representation, figure of such refund due to applicants cannot be ascertained since the approval/rejection of these cases cannot be ascertained as on the Balance Sheet date.

Contingent assets are not recognised in the financial statements.



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|   |                       | As at 31st March 2016<br>Rupees   | As at 31st March 2015<br>Rupees |                                   |
|---|-----------------------|-----------------------------------|---------------------------------|-----------------------------------|
| <b>Note 3. Share Capital</b>  |                       |                                   |                                 |                                   |
| <b>Authorized</b><br>23,000,000 Equity Shares of Rs. 10/- each.<br>(Previous Year 17,500,000 share of Rs 10/- each)                                       |                       | 230,000,000                       | 230,000,000                     |                                   |
| 2,000,000 Preference Shares of Rs.10/-each fully paid-up<br>(Previous Year NIL)   |                       | 20,000,000                        | -                               |                                   |
|   |                       | <b>250,000,000</b>                | <b>230,000,000</b>              |                                   |
| <b>Issued, Subscribed and Fully Paid-Up:</b><br>18,034,920 Equity Shares of Rs.10 each fully paid-up.<br>(Previous Year 16,350,000 share of Rs 10/- each) |                       | 180,349,200                       | 180,349,200                     |                                   |
| 2,000,000 8% Optionally Convertible Preference Shares of Rs.10/-each fully paid-up<br>(Previous Year NIL)   |                       | 20,000,000                        | -                               |                                   |
|   |                       | <b>200,349,200</b>                | <b>180,349,200</b>              |                                   |
|   |                       |                                   |                                 |                                   |
| <b>3.1 Details of Shares held by Holding Company, Subsidiary or Associates:</b>   |                       |                                   |                                 |                                   |
| Particulars   | As at 31st March 2016 |                                   | As at 31st March 2015           |                                   |
|   | No. of Shares         | Amount                            | No. of Shares                   | Amount                            |
| <b>Equity Shares held by:</b><br>Mas Financial Services Ltd. - Holding Company  | 10,750,000            | 107,500,000                       | 10,750,000                      | 107,500,000                       |
|   | <b>10,750,000</b>     | <b>107,500,000</b>                | <b>10,750,000</b>               | <b>107,500,000</b>                |
|   |                       |                                   |                                 |                                   |
| <b>3.2 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>                         |                       |                                   |                                 |                                   |
| Particulars   | As at 31st March 2016 |                                   | As at 31st March 2015           |                                   |
|   | No. of Shares         | Amount                            | No. of Shares                   | Amount                            |
| <b>Equity Shares</b><br>Outstanding at the beginning of the period  | 18,034,920            | 180,349,200                       | 16,350,000                      | 163,500,000                       |
| Add :Issued during the period   | -                     | -                                 | 1,684,920                       | 16,849,200                        |
| <b>Outstanding at the end of the period</b>   | <b>18,034,920</b>     | <b>180,349,200</b>                | <b>18,034,920</b>               | <b>180,349,200</b>                |
|   |                       |                                   |                                 |                                   |
| Particulars   | As at 31st March 2016 |                                   | As at 31st March 2015           |                                   |
|   | No. of Shares         | Amount                            | No. of Shares                   | Amount                            |
| <b>8% Optionally Convertible Preference Shares</b><br>Outstanding at the beginning of the period  | -                     | -                                 | -                               | -                                 |
| Add :Issued during the period #   | 2,000,000             | 20,000,000                        | -                               | -                                 |
| <b>Outstanding at the end of the period</b>   | <b>2,000,000</b>      | <b>20,000,000</b>                 | <b>-</b>                        | <b>-</b>                          |
|   |                       |                                   |                                 |                                   |
| <b>3.3 Details of shares held by each shareholder holding more than 5% shares:</b>  |                       |                                   |                                 |                                   |
| Class of shares / Name of shareholder   | As at 31st March 2016 |                                   | As at 31st March 2015           |                                   |
|   | Number of shares held | % holding in that class of shares | Number of shares held           | % holding in that class of shares |
| <b>Equity Shares</b><br>MAS Financial Services Limited (Holding Co.)  | 10,750,000            | 59.61%                            | 10,750,000                      | 59.61%                            |
| Mukesh C. Gandhi  | 3,037,310             | 16.84%                            | 3,037,310                       | 16.84%                            |
| Kamlesh C. Gandhi   | 2,060,980             | 11.43%                            | 2,060,980                       | 11.43%                            |
| Shweta K. Gandhi  | 1,821,330             | 10.10%                            | 1,821,330                       | 10.10%                            |
| <b>8% Optionally Convertible Preference Shares</b><br>Mukesh C. Gandhi  | 1,000,000             | 50.00%                            | -                               | 0.00%                             |
| Kamlesh C. Gandhi   | 500,000               | 25.00%                            | -                               | 0.00%                             |
| Shweta K. Gandhi  | 500,000               | 25.00%                            | -                               | 0.00%                             |



**3.4 Rights, preferences and restrictions attaching to each class of shares and terms of preference shares convertible into equity along with the earliest date of conversion****(a) Equity Shares**

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Earlier this year the Board had declared & paid Interim Dividend of Rs.0.05 per equity share. The total equity dividend appropriation for the year ended March 31, 2016 amounts to Rs. 10,80,343 including dividend distribution tax of Rs. 1,78,597.

During the year ended March 31, 2015, the amount of per share dividend recognized as distribution to equity shareholders was Rs.0.06. The total dividend appropriation for the year ended March 31, 2015 amounted to Rs. 12,98,450 including dividend distribution tax of Rs. 2,16,355.

**(b) Optionally Convertible Preference Shares**

In the current financial year, the Company had allotted 20,00,000 OCPS of the face value of Rs. 10 each at par. These OCPS carried a right to be paid fixed preferential dividend at the rate of 8% per annum free of income-tax.

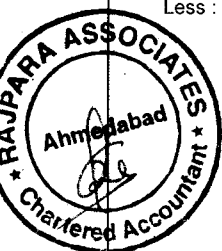
The total dividend appropriation on the aforesaid 8% OCPS for the year ended March 31, 2016 is Rs.10,10,818 including dividend distribution tax of Rs.1,67,103.

The holder of the preference share capital shall, in respect of such capital, have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares.

|  | As at 31st March<br>2016<br>Rupees | As at 31st<br>March 2015<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>Note 4. Reserves and Surplus</b>  |                                    |                                    |
| <b>Securities Premium Reserve</b>  |                                    |                                    |
| Opening Balance  | 3,150,800                          | -                                  |
| Additions during the year  | -                                  | 3,150,800                          |
| Closing Balance  | 3,150,800                          | 3,150,800                          |
| <b>Reserve fund u/s. 29-C of NHB Act, 1987:</b>  |                                    |                                    |
| Opening Balance  |                                    |                                    |
| a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987  | 302,481                            | 302,481                            |
| b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987               | 14,406,384                         | 8,126,384                          |
| c. Total   | 14,708,865                         | 8,428,865                          |
| Addition / Appropriation / Withdrawal during the half year   |                                    |                                    |
| Add:   |                                    |                                    |
| a. Amount transferred u/s 29C of the National Housing Bank Act, 1987   | -                                  | -                                  |
| b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987               | 4,570,000                          | 6,280,000                          |
| Less:  |                                    |                                    |
| a. Amount appropriated u/s 29C of the National Housing Bank Act, 1987  | -                                  | -                                  |
| b. Amount withdrawn from Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987   | -                                  | -                                  |
| Closing Balance  |                                    |                                    |
| a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987  | 302,481                            | 302,481                            |
| b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987               | 18,976,384                         | 14,406,384                         |
| c. Total   | 19,278,865                         | 14,708,865                         |
| <b>Surplus in Statement of Profit and Loss</b>   |                                    |                                    |
| Opening Balance  | 29,500,284                         | 19,842,212                         |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 11) | -                                  | (36,074)                           |
| Add: Profit for the year / half year   | 14,821,507                         | 19,909,201                         |
|  | 44,321,791                         | 39,715,340                         |
| Less : Appropriations  |                                    |                                    |
| Deferred Tax Liability on Opening Balance of Special Reserve (Refer Note 4.2 below)  | -                                  | 2,636,605                          |
| Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961  | 4,570,000                          | 6,280,000                          |
| Interim Dividend on Equity Shares  | 901,746                            | -                                  |
| Interim Dividend on Preference Shares  | 708,196                            | -                                  |
| Proposed Dividend on Equity Shares   | -                                  | 1,082,095                          |
| Proposed Dividend on Preference Shares   | 135,519                            | -                                  |
| Dividend Distribution Tax on Dividend  | 345,700                            | 216,355                            |
| <b>Total Appropriations</b>  | <b>6,661,161</b>                   | <b>10,215,055</b>                  |
| <b>Net Surplus in Statement of Profit and Loss</b>   | <b>37,660,630</b>                  | <b>29,500,284</b>                  |
| <b>Total Reserves and Surplus</b>  | <b>60,090,295</b>                  | <b>47,359,949</b>                  |

**Note 4.1** Special Reserve has been created in terms of Section 36(1) (viii) of the income Tax Act,1961 out of the distributable profits of the company. As per Section 29C of NHB Act, 1987, the company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any Special Reserve created by the company in terms of Section 36(1) (viii) of the income Tax Act, 1961 is considered an eligible transfer.

**Note 4.2** In the previous year, Deferred tax Liability is created on opening balance of Special Reserve u/s. 36(1)(viii) of Income Tax Act and adjusted to opening balance of Profit & Loss a/c as per NHB Circular No.65/2014-15 dated 22.08.14. The deferred tax liability on current year transfer to special reserve has been appropriated to Profit & Loss account.



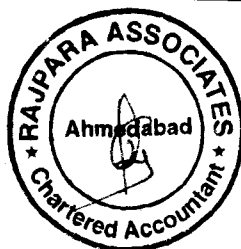
**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|   | As at 31st March<br>2016<br>Rupees | As at 31st March<br>2015<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>Note 5. Deferred Tax Liability</b>   |                                    |                                    |
| <b>Tax effect of items constituting Deferred Tax Liability</b>  |                                    |                                    |
| 1. Difference between book depreciation and depreciation under Income-tax Act, 1961   | (780,558)                          | (42,984)                           |
| 2. Transfer to Special Reserves   | (1,510,979)                        | (2,037,546)                        |
| 3. Balance in Special Reserves  | (4,763,183)                        | -                                  |
| <b>Total Deferred Tax Liability</b>   | <b>(7,054,719)</b>                 | <b>(2,080,530)</b>                 |
| <b>Tax effect of items constituting Deferred Tax Assets</b>   |                                    |                                    |
| 1. Contingent Provision for Standard Assets   | 2,401,149                          | 1,500,892                          |
| 2. Provision for Sub Standard Assets  | 117,117                            | -                                  |
| 3. Provision for Leave Encashment   | 182,451                            | 144,112                            |
| 4. Expenses eligible for deduction under section 35D of the Income-tax Act, 1961  | 121,507                            | 107,069                            |
| <b>Total Deferred Tax Assets</b>  | <b>2,822,223</b>                   | <b>1,752,072</b>                   |
| <b>Deferred Tax (Liability) / Asset</b>   | <b>(4,232,496)</b>                 | <b>(328,458)</b>                   |
| <b>Creation of Deferred tax Liability on Opening balance of Special Reserve</b><br>u/s. 36(1)(viii) of Income Tax Act, as per NHB Circular No.65/2014-15 (Refer Note 4.2) |                                    |                                    |
| Opening Balance of Special Reserves   | -                                  | 8,126,384                          |
| Deferred Tax Liability adjusted directly to Reserves & Surplus  | -                                  | (2,636,605)                        |
| <b>Total Deferred Tax (Liability) / Asset</b>   | <b>(4,232,496)</b>                 | <b>(2,965,063)</b>                 |

|                                     | Non Current              |                          | Current                  |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                     | As at 31st March<br>2016 | As at 31st<br>March 2015 | As at 31st March<br>2016 | As at 31st<br>March 2015 |
| <b>Note 6. Long Term Borrowings</b> |                          |                          |                          |                          |
| <b>Term Loans</b>                   |                          |                          |                          |                          |
| <b>(Refer Note No. 6.1)</b>         |                          |                          |                          |                          |
| <b>Secured</b>                      |                          |                          |                          |                          |
| i. From National Housing Bank       | 92,133,000               | 55,635,000               | 8,529,000                | 5,334,000                |
| ii. From Banks                      | 816,132,642              | 453,779,908              | 227,189,401              | 173,988,059              |
|                                     | <b>908,265,642</b>       | <b>509,414,908</b>       | <b>235,718,401</b>       | <b>179,322,059</b>       |

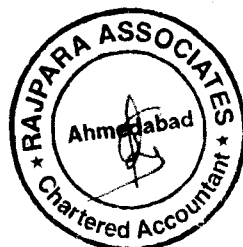
|   | Current                  |                          |
|---|--------------------------|--------------------------|
|   | As at 31st March<br>2016 | As at 31st<br>March 2015 |
| <b>Note 7. Long-term Provisions</b>   |                          |                          |
| Contingent Provision against Standard Assets  | 7,262,344                | 4,625,958                |
| Contingent Provision against Sub Standard Assets  | 354,224                  | -                        |
|   | <b>7,616,568</b>         | <b>4,625,958</b>         |
| <p>The company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 as amended on 6th September, 2013 for recognizing Provision on Standard Assets in preparation of accounts. Pursuant to such norms, loan portfolio was classified into housing and non-housing loans and a provision of 0.4% on total portfolio of housing loans, 1% on Non Housing loans (including Project Finance for Non-Housing Projects) &amp; 0.75% on Project Finance for Housing Projects has been provided for.</p> <p>The Company has also complied with the norms prescribed for recognising Non-Performing Assets (NPAs) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of 90 days overdue. A provision of 15% has been made for Sub Standard Assets for both housing and Non-Housing Loans as per the prudential norms.</p> |                          |                          |



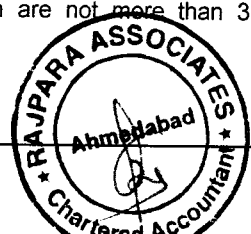


# 6. Long Term Borrowings

|                   | Amount<br>Non Current | Amount<br>Current | Terms of Redemption/<br>Repayment   | Security  |
|-------------------|-----------------------|-------------------|---|---|
| <b>Term Loans</b> |                       |                   |   |   |
| Term Loan - I     | 20,535,892            | 14,285,682        | Repayable in 28 Quarterly installments from 24/03/2011.<br>Rate of interest: Base Rate+Spread<br>Maturity Period: > 5 year  | Loan is secured by Hypothecation on receivables, Negative lien on the assets of the company excluding specific immovable properties mortgage in favour of Debenture Trustee against NCDs and SLR Deposits. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - II    | 178,243,717           | 58,690,476        | Repayable in 24 Quarterly installments from 28/02/2014.<br>Rate of interest: BR+7.30%+TP0.50%-7.25%<br>Maturity Period: > 5 year  | Loan is secured by Hypothecation on receivables. An irrevocable Power of Attorney in banks favour authorizing bank to recover monies directly from the ultimate borrowers if need arises and to file suit in the name of MRHMFL for recovery.   |
| Term Loan - III   | 8,810,000             | 2,238,000         | Repayable in 27 Quarterly installments from 01/07/2013.<br>Rate of interest:<br>0.16Cr: 6.75%<br>1.26Cr: 7.25%<br>0.19Cr: 7.50%<br>0.39Cr: 7.75%<br>Maturity Period: > 5 year | A first exclusive mortgage and/or a first exclusive charge by way of hypothecation of such of the book debts.   |
| Term Loan - IV    | 60,714,286            | 14,285,714        | Repayment in 28 Quarterly Installment from 30/04/2014<br>Rate of interest: BBR+50bps p.a.<br>Maturity Period: >5 Year   | Loan is secured by Hypothecation on receivables, Negative lien on the assets of the company excluding specific immovable properties mortgage in favour of Debenture Trustee against NCDs and SLR Deposits. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - V     | 39,713,000            | 3,096,000         | Repayment in Quarterly Installment for 13 Years from 30/06/2014<br>Rate of interest: 10.55% P.A.<br>Maturity Period: >5 Year  | A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts. The total assets coverage available would be to the extent 120% of the amount refinanced.   |
| Term Loan - VI    | 55,416,673            | 11,666,667        | Repayment in 24 Quarterly Installment from 19/12/2015.<br>Rate of interest: Base rate + 1.00% P.A.<br>Maturity Period: >5 Year  | First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance.   |



|                         | Amount<br>Non Current | Amount<br>Current  | Terms of Redemption/<br>Repayment   | Security  |
|-------------------------|-----------------------|--------------------|---|---|
| Term Loan - VIII        | 23,750,000            | 5,000,000          | Repayment in 24 Quarterly Installment from 19/12/2015.<br>Rate of interest:<br>Base rate + 0.75% P.A.<br>Maturity Period:<br>>5 Year  | First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Company to maintain 1.053 time security cover of the outstanding amount of the term loan on a continuous basis during the tenure of TL. |
| Term Loan - VIII        | 7,500,000             | 10,000,000         | Repayment in 8 Quarterly Installment from 12/02/2016.<br>Rate of interest:<br>Base rate + 1.5% P.A.<br>Maturity Period:<br><5 Year  | Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank.   |
| Term Loan - IX          | 18,750,000            | 5,000,000          | Repayment in 20 Quarterly Installment within 12 months from 30/12/2015.<br>Rate of interest:<br>Base rate + 0.25% P.A.<br>Maturity Period:<br>>5 Year                         | Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank.   |
| Term Loan - X           | 43,610,000            | 3,195,000          | Repayment in 60 equal Quarterly Installment starting with the quarter succeeding the one in which refinance was drawn<br>Rate of interest:<br>9.37 % P.A.<br>Maturity Period: | A first exclusive mortgage and/or a first exclusive charge by way of hypothecation of such of the book debts.   |
| Term Loan - XI          | 2,680,414             | 1,802,529          | Repayment in 36 equal monthly installments beginning from 10th August 2015.<br>Rate of Interest: 9.75% P.A.<br>Maturity Period:<br><5 Year                                    | Hypothecation of Car for which the loan has been obtained.  |
| Term Loan - XII         | 41,666,666            | 8,333,333          | Repayment in 24 Equal Quarterly Installments beginning from 30.06.2016<br>Rate of Interest 11.25%<br>Maturity Period:<br>>5 Year  | Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank.   |
| Term Loan - XIII        | 87,500,000            | 12,500,000         | Repayment in 24 Equal Quarterly Installments beginning from 31.07.2016<br>Rate of Interest 10.50%<br>Maturity Period:<br>>5 Year  | Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank.   |
| Term Loan - XIV         | 148,541,659           | 6,458,333          | Repayment in 24 equal quarterly installments beginning from 31st March 2016.<br>Rate of Interest: 10.25% P.A.<br>Maturity Period:<br><5 Year                                  | Loan is secured by Hypothecation on receivables. An irrevocable Power of Attorney in banks favour authorizing bank to recover monies directly from the ultimate borrowers if need arises and to file suit in the name of MRHMFL for recovery.   |
| Term Loan - XV          | 95,833,341            | 4,166,667          | Repayment in 24 equal quarterly installments beginning from 31st March 2016.<br>Rate of Interest: 10.25% P.A.<br>Maturity Period:<br><5 Year                                  | Loan is secured by Hypothecation on receivables. An irrevocable Power of Attorney in banks favour authorizing bank to recover monies directly from the ultimate borrowers if need arises and to file suit in the name of MRHMFL for recovery.   |
| Term Loan - XVI         | 74,999,994            | 75,000,000         | Repayment in 8 Equal Quarterly Installments beginning from 07.07.2016<br>Rate of Interest 11.60%<br>Maturity Period:<br><5 Year   | First & Exclusive Hypothecation of Specific Receivables worth 1.11 times the term loan amount which are not more than 30 days overdue.  |
| <b>Total Term Loans</b> | <b>908,265,642</b>    | <b>235,718,401</b> |   |   |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**
**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

| Note 7.1 Provision for Standard Assets |  | As at 31st March<br>2016        | As at 31st<br>March 2015 |
|--|--|---------------------------------|--------------------------|
|  |  | Housing                         |                          |
| As on March 31                         |  | 892,559,918                     | 725,286,229              |
| Debtors                                |  | 1,112,618                       | 483,489                  |
| Total                                  |  | 893,672,536                     | 725,769,718              |
| Rate of Provisioning                   |  | 0.40%                           | 0.40%                    |
| Provision                              |  | 3,574,690                       | 2,903,079                |
|  |  | Non Housing                     |                          |
| As on March 31                         |  | 61,983,743                      | 47,775,738               |
| Debtors                                |  | 24,816                          | 16,183                   |
| Total                                  |  | 62,008,559                      | 47,791,921               |
| Rate of Provisioning                   |  | 1.00%                           | 1.00%                    |
| Provision                              |  | 620,086                         | 477,919                  |
|  |  | Project Funding for Housing     |                          |
| As on March 31                         |  | 304,417,094                     | 155,779,487              |
| Debtors                                |  | 2,333,485                       | 2,215,185                |
| Total                                  |  | 306,750,579                     | 157,994,672              |
| Rate of Provisioning                   |  | 0.75%                           | 0.75%                    |
| Provision                              |  | 2,300,629                       | 1,184,960                |
|  |  | Project Funding for Non-Housing |                          |
| As on March 31                         |  | 76,693,924                      | 6,000,000                |
| Debtors                                |  | -                               | -                        |
| Total                                  |  | 76,693,924                      | 6,000,000                |
| Rate of Provisioning                   |  | 1.00%                           | 1.00%                    |
| Provision                              |  | 766,939                         | 60,000                   |
| Total Provision for Standard Assets    |  | 7,262,344                       | 4,625,958                |

| Note 7.2 Provision for Sub Standard Assets |  | As at 31st March<br>2016 | As at 31st<br>March 2015 |
|--|--|--------------------------|--------------------------|
|  |  | Housing                  |                          |
| As on March 31                             |  | 2,151,630                | -                        |
| Debtors                                    |  | 70,287                   | -                        |
| Total                                      |  | 2,221,917                | -                        |
| Rate of Provisioning                       |  | 15.00%                   | 15.00%                   |
| Provision                                  |  | 333,288                  | -                        |
|  |  | Non Housing              |                          |
| As on March 31                             |  | 130,239                  | -                        |
| Debtors                                    |  | 9,337                    | -                        |
| Total                                      |  | 139,576                  | -                        |
| Rate of Provisioning                       |  | 15.00%                   | 15.00%                   |
| Provision                                  |  | 20,936                   | -                        |
| Total Provision for Standard Assets        |  | 354,224                  | -                        |

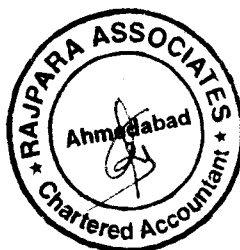
Note: As on 31.03.2016 the company is not having any Doubtful or Loss assets.

|   | Non Current                        |                                    | Current                            |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | As at 31st March<br>2016<br>Rupees | As at 31st March<br>2015<br>Rupees | As at 31st March<br>2016<br>Rupees | As at 31st March<br>2015<br>Rupees |
| <b>Note 8. Other Long Term liabilities</b>        |                                    |                                    |                                    |                                    |
| Security Deposits Received from Customers         | 15,872,300                         | -                                  | 564,515                            | -                                  |
| Interest accrued but not due on security deposits | 11,277                             | -                                  | 124                                | -                                  |
|   | 15,883,577                         | -                                  | 564,639                            | -                                  |

8.1 The security deposit is additional collateral received from customers apart from primary security. The said security deposit would be used as a cash collateral to secure the repayment of credit facility and can be used if circumstances demand.

|                                      | As at 31st March<br>2016<br>Rupees | As at 31st March<br>2015<br>Rupees |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>Note 9. Short-term borrowings</b> |                                    |                                    |
| <b>Secured</b>                       |                                    |                                    |
| Loans repayable on demand:           |                                    |                                    |
| From Banks:                          |                                    |                                    |
| Cash Credit                          | 7,780                              | 19,949,234                         |
|                                      | 7,780                              | 19,949,234                         |

9.1 Cash Credit from Bank is secured by exclusive hypothecation of book debts created out of this facility and it is also guaranteed by personal guarantee of directors.



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED****EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016****Note 10. Other Current Liabilities**

Current Maturities of long-term debt ( Refer Note Nos. 6 &amp; 6.1 )

Interest accrued but not due on borrowings

Security Deposits Received from Customers

Interest accrued but not due on security deposits

Other Payables:

Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.)

Advance payments received

|             |             |
|-------------|-------------|
| 235,718,401 | 179,322,059 |
| 169,000     | 589,979     |
| 564,515     | -           |
| 124         | -           |
| 899,736     | 429,871     |
| 1,056,641   | 983,839     |
| 238,408,417 | 181,325,748 |

**Note 11. Short-term Provisions**

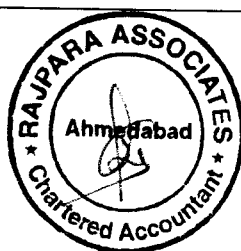
Provision for Employee Benefits

Provision for proposed equity dividend

Provision for proposed preference dividend

Provision for dividend distribution tax

|           |           |
|-----------|-----------|
| 956,265   | 986,633   |
| -         | 1,082,095 |
| 135,519   | -         |
| 345,700   | 216,355   |
| 1,437,484 | 2,285,083 |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

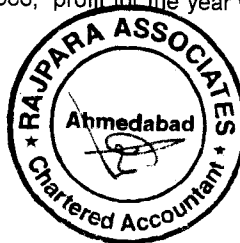
**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note 12. Fixed Assets**

| NATURE OF ASSETS       | GROSS BLOCK (AT COST)   |                                      |                                  |                          | DEPRECIATION            |  |                  |                          | NET BLOCK                |                          |
|------------------------|-------------------------|--------------------------------------|----------------------------------|--------------------------|-------------------------|--|------------------|--------------------------|--------------------------|--------------------------|
|                        | As on<br>1st April 2015 | Additions<br>during the<br>half year | Deductions<br>during the<br>year | As at 31st<br>March 2016 | As on<br>1st April 2015 | Transition<br>adjustment<br>recorded<br>against Surplus<br>balance in<br>Statement of<br>Profit and Loss | For the year     | As at 31st<br>March 2016 | As at 31st<br>March 2016 | As at 31st<br>March 2015 |
|                        | Rupees                  | Rupees                               | Rupees                           | Rupees                   | Rupees                  | Rupees   | Rupees           | Rupees                   | Rupees                   | Rupees                   |
| <b>Tangible assets</b> |                         |                                      |                                  |                          |                         |  |                  |                          |                          |                          |
| Computer               | 652,815                 | 5,285,160                            | -                                | 5,937,975                | 320,425                 | -  | 909,628          | 1,230,053                | 4,707,922                | 332,390                  |
| Franking Machine       | 189,000                 | -                                    | -                                | 189,000                  | 49,183                  | -  | 12,364           | 61,547                   | 127,453                  | 139,817                  |
| Furniture & Fixture    | 25,987                  | 1,204,563                            | -                                | 1,230,550                | 459                     | -  | 63,060           | 63,519                   | 1,167,031                | 25,528                   |
| Office Equipment's     | 131,375                 | 78,900                               | -                                | 210,275                  | 18,104                  | -  | 74,751           | 92,855                   | 117,420                  | 113,271                  |
| Vehicle (Car)          | -                       | 13,030,641                           | -                                | 13,030,641               | -                       | -  | 1,164,725        | 1,164,725                | 11,865,916               | -                        |
| <b>Total</b>           | <b>999,177</b>          | <b>19,599,264</b>                    | <b>-</b>                         | <b>20,598,441</b>        | <b>388,171</b>          | <b>-</b>   | <b>2,224,528</b> | <b>2,612,699</b>         | <b>17,985,742</b>        | <b>611,006</b>           |
| Previous Period        | 543,015                 | 456,162                              | -                                | 999,177                  | 239,130                 | 53,400   | 95,641           | 388,171                  | 611,006                  | 303,885                  |

**Note :**

During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 ("the Act"), the Company had adopted the useful lives of fixed assets as specified in Schedule II of the Act, w.e.f. 1st April, 2014. Accordingly, the unamortised carrying value of the assets as on that date is being depreciated over their revised remaining useful lives. Pursuant to the transitional provisions prescribed in Schedule II to the Act, the Company has fully depreciated the carrying value of assets, where the remaining useful life of the asset was determined to be Nil as on 1st April, 2014, and has adjusted an amount of Rs. 36,074 (net of deferred tax) against the opening balance of surplus in the Statement of Profit and Loss under Reserves and Surplus. Had the Company continued to follow the earlier useful lives, the depreciation expense for the year would have been lower by Rs. 21,588; profit for the year would have been higher by Rs. 21,588 and the net block of fixed assets would have been higher by Rs. 74,988.



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

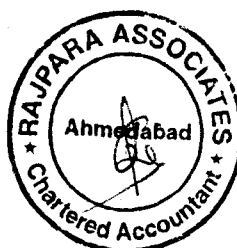
|  | Non Current           |                       | Current               |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | As at 31st March 2016 | As at 31st March 2015 | As at 31st March 2016 | As at 31st March 2015 |
| <b>Note 13. Loans and advances</b>       |                       |                       |                       |                       |
| <b>(A) Loans to Customers</b>            |                       |                       |                       |                       |
| Housing Loan                             | 851,333,270           | 683,873,616           | 43,378,277            | 41,412,613            |
| Non Housing Loan                         | 55,920,166            | 38,711,242            | 6,193,816             | 9,064,496             |
| Project Funding for Housing              | 121,584,600           | 18,603,802            | 182,832,494           | 137,175,686           |
| Project Funding for Non-Housing          | 27,444,182            | 2,585,988             | 49,249,742            | 3,414,012             |
| Installment & Other Dues from Borrower's | -                     | -                     | 3,550,543             | 2,714,607             |
|  | 1,056,282,219         | 743,774,648           | 285,204,872           | 193,781,414           |
| <b>Of the above:</b>                     |                       |                       |                       |                       |
| Considered Good                          | 1,056,282,219         | 743,774,648           | 285,204,872           | 193,781,414           |
| Considered Doubtful                      | -                     | -                     | -                     | -                     |
| <b>Total Loans to Customers (A)</b>      | 1,056,282,219         | 743,774,648           | 285,204,872           | 193,781,414           |

**Notes:**

# Loans granted by the Company are secured or partly secured by Equitable mortgage of property and / or Pledge of shares, other Securities, assignments of Life Insurance policies and/or Hypothecation of assets and /or Bank guarantees, Company guarantees or Personal guarantees and /or Undertaking to create a security and/ or Cash Collateral.

## The Company has advanced housing Loan to its officers and amount of total principal outstanding as on As at 31st March 2016 is as follows:

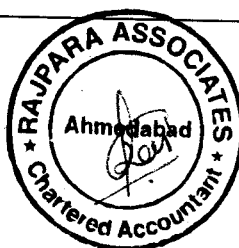
|  | Non Current           |                       | Current               |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | As at 31st March 2016 | As at 31st March 2015 | As at 31st March 2016 | As at 31st March 2015 |
| Loans to Staff                             | 4,687,662             | 4,104,848             | 171,738               | 158,840               |
|  | 4,687,662.00          | 4,104,848             | 171,738               | 158,840               |
| <b>(B) Other Loans and Advances</b>        |                       |                       |                       |                       |
| (i) Security deposits                      |                       |                       |                       |                       |
| Unsecured, considered good                 | 946,315               | 297,000               | -                     | -                     |
| (ii) Deferred Revenue expenses             | 3,301,649             | -                     | -                     | -                     |
| (iii) Prepaid expenses                     | -                     | -                     | 126,727               | 492                   |
| (iii) Advances recoverable in cash or kind |                       |                       |                       |                       |
| Unsecured, considered good                 | -                     | -                     | 851,774               | 203,976               |
| <b>Total Other Loans and Advances (B)</b>  | 4,247,964             | 297,000               | 978,501               | 204,468               |
| <b>Total Loans and Advances (A) + (B)</b>  | 1,060,530,183         | 744,071,648           | 286,183,373           | 193,985,882           |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

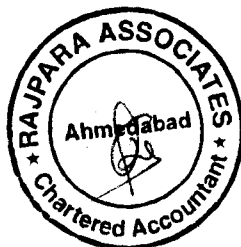
|  | Non Current              |                          | Current                  |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | As at 31st<br>March 2016 | As at 31st<br>March 2015 | As at 31st<br>March 2016 | As at 31st<br>March 2015 |
| <b>Note 14. Cash and Bank Balances</b> |                          |                          |                          |                          |
| <b>Cash and Cash Equivalents</b>       |                          |                          |                          |                          |
| Cash on Hand                           |                          | -                        | 335,141                  | 1,546,000                |
| Balances with Banks:                   |                          |                          |                          |                          |
| In Current Accounts                    |                          | -                        | 62,888,552               | 1,892,596                |
| <b>Total:</b>                          | -                        | -                        | <b>63,223,693</b>        | <b>3,438,596</b>         |
| <b>Note 15. Other Current Assets</b>   |                          |                          |                          |                          |
| Interest Accrued On Term Loans         |                          |                          | 7,309,316                | 6,238,463                |
| Others                                 |                          |                          |                          |                          |
| Income Receivable                      |                          |                          | -                        | 235,577                  |
| Advance Tax (Net of Provisions)        |                          |                          | 1,762,571                | 211,781                  |
|  |                          |                          | <b>9,071,887</b>         | <b>6,685,821</b>         |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|   | Year ended 31st<br>March 2016<br>Rupees | Year ended 31st<br>March 2015<br>Rupees |
|---|---|---|
| <b>Note 16. Revenue from operations</b>   |   |   |
| Income from Financing Activity            |   |   |
| i) Interest Income                        |   |   |
| Housing Loan                              | 102,155,626                             | 77,254,698                              |
| Non Housing Loan                          | 7,529,666                               | 6,044,682                               |
| Project Funding for Housing               | 31,465,651                              | 25,412,591                              |
| Project Funding for Non-Housing           | 2,930,129                               | 17,736                                  |
| ii) Other Operating Revenue               |   |   |
| Service Charges, OBC Charges, etc.        | 12,623,437                              | 8,830,309                               |
|   | <b>156,704,509</b>                      | <b>117,560,016</b>                      |
| <b>Note 17. Other Income</b>              |   |   |
| Interest Income:                          |   |   |
| On Bank Deposits                          | 613,050                                 | 713,505                                 |
| Other Non Operating Income:               |   |   |
| Miscellaneous Income                      | -                                       | 19,042                                  |
|   | <b>613,050</b>                          | <b>732,547</b>                          |
| <b>Note 18. Employee Benefits Expense</b> |   |   |
| Salaries, Bonus and Allowances            | 19,130,187                              | 10,867,191                              |
| Contributions to Provident & Other Funds  | 690,764                                 | 408,240                                 |
| Staff Welfare Expenses                    | 110,672                                 | 42,195                                  |
| Commission                                | 9,621,561                               | 5,766,818                               |
| Provision for Leave Encashment            | 107,656                                 | 88,187                                  |
| Training Expense                          | 138,704                                 | 71,978                                  |
|   | <b>29,799,544</b>                       | <b>17,244,609</b>                       |
| <b>Note 19. Finance Costs</b>             |   |   |
| Interest:                                 |   |   |
| On Bank Borrowings                        | 81,539,120                              | 60,940,484                              |
| On Others                                 | 37,173                                  | -                                       |
|   | <b>81,576,293</b>                       | <b>60,940,484</b>                       |
| Other Borrowing Costs                     | 1,479,528                               | 1,870,051                               |
|   | <b>83,055,821</b>                       | <b>62,810,536</b>                       |

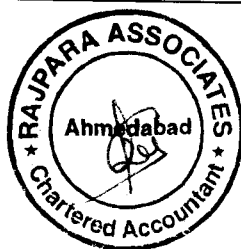




**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

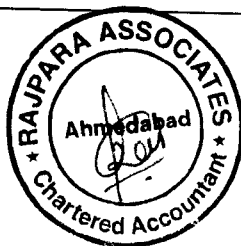
|  | Year ended 31st<br>March 2016<br>Rupees | Year ended 31st<br>March 2015<br>Rupees |
|--|---|---|
| <b>Note 20. Depreciation and Amortisation</b>                  |   |   |
| Depreciation on tangible assets                                | 2,224,528                               | 95,641                                  |
|  | <b>2,224,528</b>                        | <b>95,641</b>                           |
| <b>Note 21. Provisions</b>                                     |   |   |
| Contingent Provision against Standard Assets                   | 2,636,386                               | 1,468,207                               |
| Provision against Sub Standard Assets                          | 354,224                                 | -                                       |
|  | <b>2,990,610</b>                        | <b>1,468,207</b>                        |
| <b>Note 22. Other Expenses</b>                                 |   |   |
| Rent   | 3,372,881                               | 1,237,026                               |
| Service Tax  | 799,162                                 | 257,523                                 |
| Stationery & Printing  | 521,176                                 | 241,592                                 |
| Telephone & Internet   | 918,542                                 | 68,854                                  |
| Postage & Courier  | 30,644                                  | 125,001                                 |
| Insurance  | 674,131                                 | 280,384                                 |
| Conveyance   | 1,218,767                               | 759,917                                 |
| Travelling   | 881,391                                 | 385,050                                 |
| Repairs & Maintenance  | 524,450                                 | 89,319                                  |
| Professional Fees (Refer Note 21.1 below)                      | 3,160,996                               | 2,433,318                               |
| Director's Sitting Fees  | 240,000                                 | 300,000                                 |
| ROC Expenses   | 187,186                                 | 462,797                                 |
| Advertisement Expenses   | 3,001,893                               | 365,207                                 |
| Sales Promotion Expenses                                       | 57,143                                  | 38,052                                  |
| Bad Debts  | 258,289                                 | -                                       |
| Electricity Expense  | 73,762                                  | 2,450                                   |
| Office Expenses  | 795,905                                 | 107,334                                 |
| Miscellaneous Expenses   | 381,797                                 | 43,304                                  |
|  | <b>17,098,115</b>                       | <b>7,197,128</b>                        |
| <b>Note 22.1</b>   |   |   |
| <b>Professional fee includes Payment to Statutory Auditors</b> |   |   |
| As Auditors:   |   |   |
| Statutory Audit Fees   | 160,000                                 | 85,000                                  |
| Other Services   | 67,500                                  | 67,500                                  |
|  | <b>227,500</b>                          | <b>152,500</b>                          |



**MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED**

**EXPLANATORY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

|  | Year ended 31st<br>March 2016<br>Rupees | Year ended 31st<br>March 2015<br>Rupees |
|--|---|---|
| <b>Note 23. Earnings Per Share</b>   |   |   |
| <b>Computation of Profit (Numerator)</b>   |   |   |
| Net Profit for the year attributable to Equity Shareholders  | 14,821,507                              | 19,909,201                              |
| <b>Computation of Weighted Average Number of Shares (Denominator)</b>                                    |   |   |
| Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share | <b>Nos.</b><br>18,034,920               | <b>Nos.</b><br>16,820,854               |
| Basic Earnings per Share of face value of Rs. 10 each (in Rs.)   | 0.82                                    | 1.18                                    |
| Diluted Earnings per Share of face value of Rs. 10 each (in Rs.)   | 0.82                                    | 1.18                                    |



# MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED

## EXPLANATORY NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

### 24. Additional Information to the Financial Statements:

- A. Expenditure in Foreign Currency – Nil
- B. Earning in Foreign Currency – Nil
- C. Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 are given in Annexure A forming part of these Financial Statements.

### 25. Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases” prescribed by Companies (Accounting Standards) Rules, 2006

The Company has entered into leave & license agreements for taking office premises along with furniture & fixtures as applicable and godown premises on rental basis for a period ranging from 11 to 72 months. The specified disclosure in respect of these agreements is given below:

|  | Year Ended<br>31-03-2016<br>Rupees | Year Ended<br>31-03-2015<br>Rupees |
|--|------------------------------------|------------------------------------|
| 1. Lease payments recognised in the Statement of Profit and Loss   | 33,69,661                          | 1,237,026                          |
| <b>Note:-</b> <ul style="list-style-type: none"><li>i. The company has given refundable, interest free security deposits under certain agreements.</li><li>ii. Certain agreements contain a provision for their renewal.</li></ul> |                                    |                                    |

### 26. Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – “Employee Benefits” prescribed by Companies (Accounting Standards) Rules, 2006 in respect of Gratuity are as under:

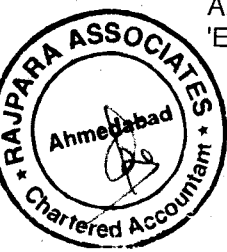
#### 26.1 Defined Contribution Plan

The company has recognized the following amount in the statement of profit & loss account which are included under contribution to Provident fund and other fund:

| Particulars                          | 2015-16    | 2014-15    |
|--------------------------------------|------------|------------|
| Employer's Contribution to P.F.      | 5,40,742/- | 2,96,924/- |
| Employer's Contribution to E.D.L.I.C | 22,529/-   | 12,375/-   |
| Employer's Contribution to E.S.I.C.  | 65,504/-   | 55,310/-   |
| P.F. Administrative expense          | 40,326/-   | 26,836/-   |

#### 26.2 Defined Benefit Plans

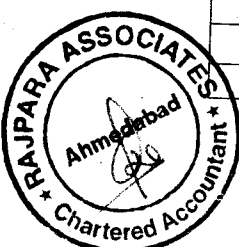
- A. Leave Encashment: Company has made provisions for leave encashment as per (AS) - 15 “Employee Benefits” to the amount of Rs.1,07,656/- (Previous year – Rs. 88,187/-)



### 26.3 Contribution to Gratuity Fund

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

|          |  | As at/ For the<br>year ended<br>31 <sup>st</sup> March 2016<br>Rupees | As at/ For the<br>year ended<br>31 <sup>st</sup> March 2015<br>Rupees |
|----------|--|---|---|
| <b>A</b> | <b>Net liability recognised in the Balance Sheet as at 31<sup>st</sup> March</b>   |   |   |
|          | Present value of funded obligation   | 3,48,119  | 72,666  |
|          | Fair value of plan assets  | 6,11,040  | 204,476   |
|          | Present value of unfunded obligation   | -   | -   |
|          | Net liability  | (2,62,921)  | (131,810)   |
| <b>B</b> | <b>Expense recognised in the profit and loss account for the year</b>  |   |   |
|          | Current service cost   | 1,26,450  | 28,971  |
|          | Interest on obligation   | 10,979  | 5,063   |
|          | Expected return on plan assets   | (28,668)  | (16,124)  |
|          | Net actuarial losses (gains) recognised in the year  | 46,101  | (15,457)  |
|          | Expenses deducted from the fund  | 10,344  | 5,940   |
|          | Prior Year Charge  | -   | -   |
|          | Total Charge to Profit & Loss  | 1,65,206  | 8,393   |
| <b>C</b> | <b>Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:</b> |   |   |
|          | Opening defined benefit obligation   | 72,666  | 55,721  |
|          | Service Cost   | 1,26,450  | 28,971  |
|          | Interest Cost  | 10,979  | 5,063   |
|          | Actuarial losses /(gains)  | 47,472  | (17,089)  |
|          | Prior Year Charge  | -   | -   |
|          | Benefits paid  | -   | -   |
|          | Closing defined benefit obligation   | 3,48,119  | 72,666  |
| <b>D</b> | <b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:</b>                   |   |   |
|          | Opening fair value of plan assets  | 2,04,476  | 155,233   |
|          | Expenses deducted from the fund  | (10,344)  | (5,940)   |
|          | Expected return  | 20,449  | 16,124  |
|          | Actuarial gains / (losses)   | 1,371   | (1,632)   |
|          | Contributions by Employer  | 2,69,607  | 40,690  |
|          | Benefits paid  | -   | -   |
|          | Closing balance of fair value of plan assets   | 6,11,040  | 204,476   |



|          |  |  |  |
|----------|--|--|--|
| <b>E</b> | <b>Major categories of plan assets as a percentage of total plan assets:</b>                       |  |  |
|          | Qualifying insurance policy with LIC   | 100%   | 100%   |
| <b>F</b> | <b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b> |  |  |
|          | Discount rate  | 8.10%  | 7.80%  |
|          | Expected return on plan assets   | 8.10%  | 8.70%  |
|          | Annual increase in salary costs*   | 5.50%  | 5.00%  |
|          | <b>Notes:</b>  |  |  |
| <b>1</b> | <b>Defined Contribution Plans</b>  | <b>Year ended 31<sup>st</sup> March, 2016<br/>Rupees</b> | <b>Year ended 31<sup>st</sup> March, 2015<br/>Rupees</b> |
|          | Amount recognized as an expense and included in Note 17 of Statement of Profit & Loss.             | 1,65,206   | 8,393  |
| <b>2</b> | <b>Employee Benefit disclosure :</b>   |  |  |
|          |  | <b>As at<br/>31-03-2016<br/>Rupees</b>                   | <b>As at<br/>31-03-2015<br/>Rupees</b>                   |
|          | Present value of the defined benefit obligation  | 3,48,119   | 72,666   |
|          | Fair value of the plan assets  | 6,11,040   | 204,476  |
|          | Deficit/(Surplus) in the plan  | 2,62,921   | 131,810  |
|          | Experience adjustments on plan liabilities   | 37,848   | (30,847)   |
|          | Experience adjustments on plan assets  | (1,371)  | 1,632  |
|          | Net Actuarial Loss/(Gain) for the year   | 46,101   | (15,457)   |

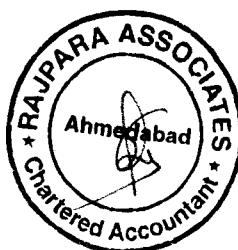
27. In accordance with Accounting Standard (AS) - 13 "Accounting for Investments", Company has made following investments:

| Sr. No. | Name of The Bank / Company  | Investment Amount (Rs.) |
|---------|-----------------------------|-------------------------|
| 1       | FD With State Bank of India | 28,50,00,052/-          |

The company has earned Interest on FD Rs. 6,13,050/- (Previous Period Rs.7,13,505/-) which is classified as "Other Income". The investments are not matured / liquidated before the end of the financial year and none of them are long term investments by the company.

## 28. Segment Reporting

The Company is engaged primarily in the business of Financing and accordingly there are no separate reportable segments as per Accounting Standard 17 – "Segment Reporting" prescribed by Companies (Accounting Standards) Rules, 2006



## 29. Related Party Disclosures

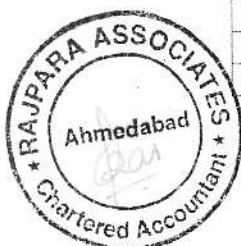
Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", prescribed by Companies (Accounting Standards) Rules, 2006

### List of related parties and relationships:

|  |   |
|--|---|
| Holding Company  | : MAS Financial Services Limited  |
| Key Management Personnel   | : Mr. Kamlesh C. Gandhi (Managing Director)<br>Mr. Mukesh C. Gandhi (Whole-time Director)<br>Ms. Vrunda Patel (Company Secretary) |
| Relative of Key Management Personnel                                     | : Mrs. Shweta K. Gandhi   |
| Enterprise over which Key Management Personnel has significant influence | : Mukesh C. Gandhi (HUF)  |

### Related party transactions:

| Sr. No. | Nature of transactions               | Year Ended<br>31 <sup>st</sup> March 2016<br>Rupees | Year Ended<br>31 <sup>st</sup> March 2015<br>Rupees |
|---------|--------------------------------------|---|---|
| 1       | <b>Dividend Paid</b>                 |   |   |
|         | MAS Financial Services Limited       | 1,182,500   | 4,83,750  |
|         | Mr. Kamlesh C. Gandhi                | 4,03,757  | 73,789  |
|         | Mr. Mukesh C. Gandhi                 | 6,88,201  | 98,768  |
|         | Mrs. Shweta K. Gandhi                | 3,77,396  | 63,005  |
|         | Mukesh C. Gandhi (HUF)               | 40,150  | 16,425  |
| 2       | <b>Rent Paid:</b>                    |   |   |
|         | MAS Financial Services Limited       | 1,367,220   | 1,200,379   |
| 3       | <b>Recovery Charges Paid:</b>        |   |   |
|         | MAS Financial Services Limited       | 260,710   | -   |
| 4       | <b>Expenditure reimbursed to:</b>    |   |   |
|         | MAS Financial Services Limited       | 12,078,617  | 10,553,149  |
| 5       | <b>Remuneration paid:</b>            |   |   |
|         | Mr. Kamlesh C. Gandhi                | 19,41,600   | 19,36,500   |
|         | Mr. Mukesh C. Gandhi                 | 19,41,600   | 19,36,500   |
|         | Ms. Vrunda Patel                     | 1,63,143  | -   |
| 6       | <b>Purchase of Equity shares:</b>    |   |   |
|         | Mr. Kamlesh C. Gandhi                | -   | 5,000,000   |
|         | Mr. Mukesh C. Gandhi                 | -   | 10,000,000  |
|         | Mrs. Shweta K. Gandhi                | -   | 5,000,000   |
| 7       | <b>Purchase of Preference Shares</b> |   |   |
|         | Mr. Kamlesh C. Gandhi                | 50,00,000   | -   |
|         | Mr. Mukesh C. Gandhi                 | 1,00,00,000   | -   |
|         | Mrs. Shweta K. Gandhi                | 50,00,000   | -   |
| 8       | <b>Unsecured Loan Received</b>       |   |   |
|         | Mr. Kamlesh C. Gandhi                | 30,00,000   | -   |
|         | Mr. Mukesh C. Gandhi                 | 30,00,000   | -   |
| 9       | <b>Unsecured Loan Repaid</b>         |   |   |
|         | Mr. Kamlesh C. Gandhi                | 30,00,000   | -   |
|         | Mr. Mukesh C. Gandhi                 | 30,00,000   | -   |



|   |  | As at 31 <sup>st</sup><br>March 2016<br>Rupees | As at 31 <sup>st</sup><br>March, 2015<br>Rupees |
|---|--|--|---|
| 8 | <b>Total Guarantee received:</b>               |  |   |
|   | MAS Financial Services Limited                 | 82,00,00,000                                   | 82,00,00,000                                    |
| 9 | <b>Guarantee outstanding as at period end:</b> |  |   |
|   | MAS Financial Services Limited                 | 48,86,68,100                                   | 53,99,86,974                                    |

30. The company has sanctioned but undisbursed amount of loans amounting to Rs. 687.18 lacs (previous year Rs.523.76 lacs) as on the date of balance sheet which are to be disbursed during the normal course of business.
31. In the opinion of the Board, the assets of the company have a value on realization in the ordinary course of business at least equal to the amount at which they stated, net of contingency provisions.
32. The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. In view of this, information required under section 22 of MSMED Act, 2006 to that extent is not given.
33. Balances of trade payables and loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.

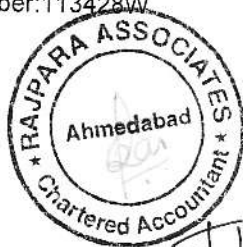
#### 34. Previous Year's Figures

Previous years figures have been regrouped / reclassified to conform to the current year's classification.

In terms of our report attached

For Rajpara Associates  
Chartered Accountants  
Firm's Registration Number:113428W

Chandramaulin Rajpara  
Partner  
Membership No.046922



Vrunda Patel  
(Company Secretary)

For and on behalf of Board of Directors

Kamlesh C. Gandhi  
(Chairman & Managing Director)

Mukesh C. Gandhi  
(Whole Time Director  
& Chief Financial Officer)

Place: Ahmedabad.

Date: 20 APR 2016

Place: Ahmedabad

Date: 20 APR 2016

# ANNEXURE A: (FORMING PART OF THE FINANCIAL STATEMENTS)

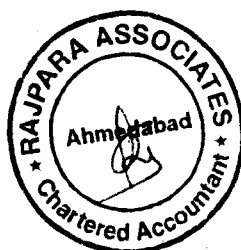
Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No.NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010.

## I Capital to Risk Assets Ratio as on 31<sup>st</sup> March, 2016,

| Sr. No. | Item                       | Current Year | Previous Year |
|---------|----------------------------|--------------|---------------|
| 1       | CRAR (%)                   | 35.75%       | 40.98%        |
| 2       | CRAR – Tier I Capital (%)  | 32.07%       | 40.17%        |
| 3       | CRAR – Tier II Capital (%) | 3.69%        | 0.82%         |

## II Exposure to Real Estate Sector:

|          |   | (Rs. In Crores) |               |
|----------|---|-----------------|---------------|
| Category |   | Current Year    | Previous Year |
| a)       | Direct Exposures  |                 |               |
|          | (i) Residential Mortgages –   |                 |               |
|          | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)   |                 |               |
|          | -Individual Housing Loan up to Rs. 15 Lakh  | 81.49           | 65.27         |
|          | -Individual Housing Loan more than Rs. 15 Lakh  | 8.10            | 7.30          |
|          | (ii) Commercial Real Estate –   |                 |               |
|          | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) Limits; |                 |               |
|          | -Individual Commercial Loan up to Rs. 15 Lakh   | 5.55            | 3.38          |
|          | -Individual Commercial Loan more than Rs. 15 Lakh   | 0.67            | 1.41          |
|          | -Builders   | 38.34           | 16.40         |
|          | (iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –   |                 |               |
|          | A Residential   | Nil             | Nil           |
|          | B Commercial Real Estate  | Nil             | Nil           |
| b)       | Indirect Exposures  |                 |               |
|          | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)   | Nil             | Nil           |





### III Asset Liability Management

As at 31<sup>st</sup> March 2016

(Rs. In Crores)

|                          | 1 day<br>to 15<br>days | 16 to<br>30-<br>31<br>days | Over<br>one<br>month<br>to 2<br>months | Over 2<br>months<br>upto 3<br>months | Over 3<br>months<br>to 6<br>months | Over 6<br>months<br>to 1<br>year | Over 1<br>year<br>to 3<br>years | Over<br>3 to 5<br>years | Over<br>5 to 7<br>years | Over<br>7 to<br>10<br>years | Over<br>10<br>years | Total  |
|--------------------------|------------------------|----------------------------|--|--------------------------------------|------------------------------------|----------------------------------|---------------------------------|-------------------------|-------------------------|-----------------------------|---------------------|--------|
| Liabilities              |                        |                            |  |                                      |                                    |                                  |                                 |                         |                         |                             |                     |        |
| Borrowings<br>from banks | 0.01                   | 0.54                       | 1.00                                   | 3.42                                 | 5.68                               | 12.42                            | 44.27                           | 27.61                   | 13.26                   | 2.52                        | 0.78                | 111.51 |
| Market<br>Borrowings     | 0.00                   | 0.00                       | 0.00                                   | 0.00                                 | 0.00                               | 0.00                             | 0.00                            | 0.00                    | 0.00                    | 0.00                        | 0.00                | 0.00   |
| Advances                 | 1.52                   | 0.18                       | 1.87                                   | 2.13                                 | 8.39                               | 14.07                            | 26.48                           | 13.43                   | 15.06                   | 23.15                       | 27.51               | 133.79 |
| Investments              | 0.00                   | 0.00                       | 0.00                                   | 0.00                                 | 0.00                               | 0.00                             | 0.00                            | 0.00                    | 0.00                    | 0.00                        | 0.00                | 0.00   |

As at 31<sup>st</sup> March 2015:

(Rs. In Crores)

|                          | 1 day<br>To 15-<br>days | 16<br>days<br>To 30-<br>31<br>days | Over<br>one<br>month<br>to 2<br>month | Over 2<br>month<br>up to 3<br>month | Over 3<br>months<br>to 6<br>months | Over 6<br>months<br>to 1<br>year | Over<br>1<br>year<br>to 3<br>years | Over<br>3to5<br>years | Over<br>5to7<br>years | Over<br>7to10<br>Years | Over<br>10<br>years | Total |
|--------------------------|-------------------------|------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|----------------------------------|------------------------------------|-----------------------|-----------------------|------------------------|---------------------|-------|
| Liabilities              |                         |                                    |                                       |                                     |                                    |                                  |                                    |                       |                       |                        |                     |       |
| Borrowings<br>from banks | 1.38                    | 0.54                               | 1.95                                  | 1.57                                | 5.60                               | 6.91                             | 23.89                              | 19.77                 | 5.38                  | 1.24                   | 0.67                | 68.89 |
| Market<br>Borrowings     | 0.00                    | 0.00                               | 0.00                                  | 0.00                                | 0.00                               | 0.00                             | 0.00                               | 0.00                  | 0.00                  | 0.00                   | 0.00                | 0.00  |
| Assets                   |                         |                                    |                                       |                                     |                                    |                                  |                                    |                       |                       |                        |                     |       |
| Advances                 | 2.01                    | 0.63                               | 1.46                                  | 1.36                                | 4.78                               | 8.86                             | 10.63                              | 10.17                 | 11.56                 | 18.21                  | 23.80               | 93.48 |
| Investment               | 0.00                    | 0.00                               | 0.00                                  | 0.00                                | 0.00                               | 0.00                             | 0.00                               | 0.00                  | 0.00                  | 0.00                   | 0.00                | 0.00  |

